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## Argentina's Junta Still Deadlocked Over Presidency

By Jackson Diehl  
Washington Post Service

BUENOS AIRES — Argentina's military leaders have been meeting since Saturday night to choose a new president, but the process has been deadlocked over the issue of whether to replace the ousted president, Leopoldo F. Galtieri.

A week after the capitulation of Argentine forces in the Falklands, the Argentine military chiefs remain convulsed by feuding and maneuvering among the politicized commands of the three service branches, sources said, while Argentina's government remains paralyzed.

Gen. Alfredo Saint Jean, the incumbent minister who Friday night was assigned temporary presidential powers by the junta, stayed at the presidential palace Saturday only long enough to meet with the foreign minister of Iraq before leaving for another round of secret maneuvering with other army generals.

The junta met for two hours Saturday night without deciding on a president. More discussions were scheduled for Sunday.

In a debate that has been less about personalities and more about the political and military implications of the Falklands war, the presidential candidates were reported by some sources to be centering on an effort by the air force commander, Gen. Basilio Lami Dozo, to seize the presidency on the strength of the air force's combat record in the Falklands.

He was being opposed by leaders of the traditionally dominant army, led by the army's new commander in chief, Gen. Cristino Nicolaides.

**Army Candidates**

Reports Saturday also said Gen. Lami Dozo might propose air force Brig. Gen. Jose Maza, the current government secretary of planning, as president in place of himself, or he could even support a civilian candidate as a compromise measure.

The army commanders met Saturday afternoon to select their candidates, and sources reported that two retired generals, Antonio D. Bussi and José R. Villarreal, appeared to be the leading contenders.

Gen. Bussi is considered to be one of the most conservative military leaders and he shares Gen. Nicolaides' vehement anti-Communism as well as a distaste for civilian political leaders. Gen. Villarreal has served as a liaison with politicians for past military administrations and he is seen by some as a proponent of democratic government and constitutional guarantees.

Other presidential candidates



An Argentine officer greeted returning prisoners as they left the Canberra at Puerto Madryn.

under consideration by army leaders, sources said, were Gen. Saint Jean, Gen. Nicolaides and Gen. Juan C. Timarico, a corps commander and a leading opponent of Gen. Galtieri.

While the decision on a president is expected soon, the political upheaval within the armed forces caused by Argentina's capitulation in the Falklands could continue for some time.

Army leaders were said by sources close to the military command to be intent on forcing the resignation of both Gen. Lami Dozo and the navy commander, Rear Adm. Jorge Anaya, the two

## Iraq's President Says Troops Quitting Iran

Compiled by Our Staff From Dispatches

BEIRUT — President Saddam Hussein of Iraq said Sunday that his troops had started to withdraw from Iranian territory captured during the 21-month Gulf war and would complete their pullback within 10 days, the official Iraqi press agency reported.

The report follows a series of Iranian victories in the war that drove Iraqi forces out of most of the territory they had occupied since their invasion of Iran in September, 1980.

The agency, summarizing a speech by Mr. Hussein, said: "President Saddam Hussein has announced that Iraqi units have started to withdraw from Iranian towns and territory to the international frontier."

The agency said the president added that "the withdrawal operations will end within a period of not more than 10 days."

Mr. Hussein said Baghdad would continue to work with international groups that have been trying to mediate a peaceful settlement of the conflict between Iraq and Iran, the agency reported.

Most of the speech was devoted to detailing Iraq's previous attempts at peace with Iran, all rejected by the regime of Ayatollah Ruhollah Khomeini, and to describing how outside powers helped Iran turn the tide of the war.

He singled out Israel as a principal party, saying it had connections with Ayatollah Khomeini in an alliance against Iraq similar to that he said was once forged between the Israelis and a Kurdish dissident leader, Mustafa Barzani.

Mr. Hussein emphasized throughout the speech that Ayatollah Khomeini, whom he described as "an impostor," was bent on "spreading Persian hegemony to Iraq and other Arab countries" and on "splitting the Middle East between the sultans of Iran and the sultans of Israel."

"Despite his losses, the enemy will not stop at this point," Mr. Hussein said. "He will try to enter our cities and destroy them. And the Iraqi soldiers who previously fought outside their territory will now fight 10 times more ferociously on their own land."

His speech made no reference to the Soviet Union, who is a main arms supplier of Iraq, but he stressed that Iraq would try to neutralize other powers, a possible reference to the United States.

Iraq has not had diplomatic relations with the United States since the 1967 Arab-Israeli war.

Mr. Hussein said it was amazing (Continued on Page 2, Col. 3)

## British Take Argentine Station on South Sandwich Islands

Compiled by Our Staff From Dispatches

LONDON — A group of Argentine troops at a weather station on Thule, in the Falklands dependency of the South Sandwich Islands, surrendered to British troops Sunday, the Defense Ministry announced.

The surrender completed the British recapture of disputed South Atlantic islands.

Argentina said helicopter-borne British troops firing machine guns swarmed down on Thule, but it said there were no casualties. The Argentine Ministry announced that "initial reports suggest that no fighting took place."

The Argentine military command announced Saturday that the troops had surrounded the Argentine Navy weather station on Thule, where Argentine scientists had been living for six years without British permission. The command said the unnamed station was used for "scientific investigation, especially meteorology."

The South Sandwich Islands were claimed by Argentina in 1948. The claim, like those to the Falklands and South Georgia Island, another Falklands dependency, has been rejected by Britain as "being without legal or historical foundation."

The islands were not invaded when Argentine troops seized the Falkland Islands 1,200 miles (1,920 kilometers) to the northwest on April 2, and South Georgia, 430 miles southwest of Thule, a day later.

A British Foreign Office spokesman said the Argentine scientists had moved in illegally in 1976 and refused to leave despite British protests.

Brian Frow, director of the Falklands office in London, said on April 26 that he thought it was time for Britain to start reconsidering its attitude toward the Argentine scientists.

Mr. Frow said they were there illegally and he alleged that they had even brought in a pregnant woman to have her baby on South Thule, which is one of the islands, so that Argentina could claim the child as a citizen of the islands.

Meanwhile, the British liner Canberra, escorted by two Argentine warships, arrived at the southern port city of Puerto Madryn on Saturday with 4,200 Argentine soldiers who had surrendered on the Falklands.

**1,000 Are Being Held**

The captured soldiers were part of what London now officially estimates to be 11,845 prisoners captured in the fighting that ended with an Argentine surrender Monday. The contingent included only 200 officers.

Britain reportedly plans to keep up to 1,000 Argentine officers and soldiers to compel Argentina to end all hostilities in the South Atlantic.

Most of the other prisoners of war are scheduled to be repatriated in the coming days on British and Argentine ships under the safe-conduct agreement reached Wednesday through the International Red Cross.

The liner, used by the British task force in the South Atlantic only days ago as a troopship, sailed peacefully Saturday afternoon into the small Patagonian port 770 miles (1,232 kilometers) south of Buenos Aires.

The ship tied up alongside the jetty of a sprawling aluminum plant on the edge of town. British correspondents aboard reported seeing a small military band waiting on shore and a brigadier general of the Argentine Army reportedly greeted them.

Argentina submitted a note to the United Nations Security Council on Friday saying hostilities would not be ended until Britain withdrew its forces from the region. The note acknowledged, however, that a cease-fire "exists in fact, given the present circumstances."

The Argentine military command has yet to publish lists of casualties from the war, but estimates of the number of dead have ranged from 500 to 1,000.

In Comodoro Rivadavia, about 400 miles south of Puerto Madryn, the first Argentine hospital ship to arrive from the islands since the surrender continued unloading 440 wounded Argentine soldiers amid tight security Saturday.

Security was said to be equally tight in Puerto Madryn, which Foreign Ministry officials said had been selected for the Canberra because of its deep harbor.

In accordance with international maritime laws, the 45,000-ton liner, owned by P & O Lines, entered the port Friday the banded (Continued on Page 2, Col. 7)



MOSCOW VOTER — Soviet President Leonid I. Brezhnev walked stiffly but unassisted to the polls Sunday to vote in local elections. He had been reported ill in recent months.

## Russian Weapons Tests Belie Words of Peace, Haig Says

By John M. Goshko  
Washington Post Service

NEW YORK — Secretary of State Alexander M. Haig Jr. has accused Moscow of engaging in an "unprecedented" level of strategic weapons testing at the same time it was publicly proclaiming its willingness to control such arms.

Mr. Haig, who had just completed two days of talks with Foreign Minister Andrei A. Gromyko, said at a news conference Saturday that the United States had assembled evidence showing that Soviet testing activity last week was "significant in scope and integration of activity."

The Soviet activity, he said, included an anti-satellite test and the launching of two ground-based intercontinental ballistic missiles, a submarine-based missile and a medium-range SS-20 missile, and two tests of anti-ballistic missiles.

"Such activity belies by specific actions the words put forth to the world audience here this week," Mr. Haig said. He was referring to Mr. Gromyko's promise in a speech Tuesday to the United Nations General Assembly's special session on disarmament that the Soviet Union would not use nuclear weapons first in a conflict.

Mr. Haig refused to give further details about the Soviet tests, except to say that no nuclear explosions had been involved. He also conceded that there were no indications that the Russians had violated international agreements on nuclear weapons testing.

Mr. Haig said he had not raised the U.S. allegations during the 94 hours of meetings with Mr. Gromyko. He said much of the information was not available to him while the talks were under way and that it had been made ready for release shortly before the start of his news conference.

Saying he thought it was important to get the information out immediately on the Soviet activity, Mr. Haig added: "It shows a level of interest, skill and activity that is a matter of concern."

President Reagan outlined a tough approach to U.S.-Soviet relations in his speech to the disarmament conference Thursday. He in effect repeated Mr. Reagan's challenge to the Soviet Union to demonstrate its desire for improved relations through actions rather than words.

"There is no doubt about President Reagan's desire to put U.S.-Soviet relations on a stable, long-term basis," Mr. Haig said. "But this cannot be achieved without a Soviet willingness to conduct its international affairs with responsibility and restraint."

**Hard-Line Approach**

Mr. Haig's words continued the hard-line approach toward Moscow that has been evident recently in such moves as Mr. Reagan's tough talk before the UN and the president's decision Friday not to ease the ban on the sale by American companies of oil and gas equipment to the Soviet Union.

This hard line appears to be related, at least in part, to the U.S.-Soviet negotiations on strategic arms reductions scheduled to start in Geneva on June 29. Washington and Moscow have been engaged in an exchange of proposals aimed at winning the support of world opinion for their bargaining positions.

The Soviet pledge to renounce first use of nuclear weapons may have been related to this maneuvering. It also caused Mr. Reagan in his appearance at the United Nations to repeat a proposal for deep cuts in the ground-based strategic missile arsenals of both countries.

Mr. Haig called the U.S. proposal "carefully integrated and thought-through approach to arms control" that "stands in sharp contrast to cosmetics" such as the first-use renunciation idea put forward by the Soviets.

The United States and its North Atlantic Treaty Organization allies repeatedly have refused to renounce the West's nuclear strike capability because they contend it would make Western Europe vulnerable to attack by conventional Soviet forces.

Mr. Haig dodged questions about the possibility of a summit conference between Mr. Reagan and Leonid I. Brezhnev, although the idea originally was put forward by Mr. Reagan, senior administration officials are known to have become cooler to the idea and have said privately that a meeting does not now appear likely.

Despite the general toughness of his remarks, the secretary characterized his sessions with Mr. Gromyko as "full, frank and useful."

In addition to the broad issues of U.S.-Soviet relations and arms control, Mr. Haig and Mr. Gromyko had discussed the full range of global problems in which the two countries have an interest, but he refused to elaborate.

## Mobutu's Hold on Zaire Is Increasingly Insecure, Opponents Say

By Alan Cowell  
New York Times Service

KINSHASA, Zaire — President Mobutu Sese Seko of Zaire went to South Korea on a state visit recently, but, from reading the officially controlled newspapers here, his departure from the capital was not apparent.

The secrecy, the president's critics assert, reflects a nervousness about the security of his leadership of this vast, potentially rich and currently impoverished country.

To elaborate the point, the critics also say that Mr. Mobutu rarely appears in public and that when he leaves his palace he uses decoys to confuse potential assassins.

When he attended the closing of Parliament this year, a person who was there said, soldiers, armored cars and security men were on the Place de la République outside the Parliament buildings, but no civilians were permitted.

There is even a rumor circulating in the "radio-telephone" — literally translated, the "sidewalk radio" — that Mr. Mobutu's escape of assassins dates to August, when someone stole his leopard-skin cape and carved walking stick from his palace. Some Western

diplomats assert that the rumor is rooted in fact and that the loss of the totems created a sense of vulnerability.

The outcome, Zairian critics and Westerners assert, has been a tightening of Mr. Mobutu's already harsh regime, and 38 people have been imprisoned for talking of creating a second political party to challenge the president.

"There will be no second political party in Zaire," Mr. Mobutu has declared, "not for as long as I live."

**Quandary for U.S.**

The intolerance of opposition and the activities of a heavy-handed secret police present a quandary for the United States, one of Mr. Mobutu's main backers. Washington's formal concern for human rights conflicts sharply with a wider geopolitical commitment to a nation, bordering nine other countries and straddling a great chunk of central Africa that is rich in copper, diamonds and other minerals.

United States ties with Zaire are strained by a dispute over development and military assistance that cuts to the heart of the relationship. Mr. Mobutu has stated that he has renounced aid from America. The apparent reason was congressional criticism of his human rights record and a recommendation from the House Foreign Relations Committee that aid this year be reduced from the \$39.5 million proposed by the Reagan administration to around \$35 million.

Mr. Mobutu, a Western diplomat source said, was angered by a critical statement about his human rights record by prominently anti-Mobutu Congressman. The Senate, meanwhile, proposed a smaller reduction.

The irony of Mobutu's renunciation, the source said, is that Zaire does not now qualify for repayable U.S. aid because of an amendment forbidding disbursements while earlier loans are outstanding. Thus, the source said, U.S. military aid to Zaire is at a virtual halt and economic assistance will be curtailed by the end of the year unless Mr. Mobutu pays arrears of about \$20 million.

The deeper question, according to Western diplomatic sources and anti-Mobutu Zairians, is whether U.S. aid should be used to support a regime widely known for its corruption and dictatorial style.

The United States and aid agencies here from other Western nations "do not feel that Mobutu is making an effort to develop the country," a Western diplomatic source said, and so there is "chronic malnutrition, violations of human rights and a test case for the Reagan administration's axiom that the U.S. will help only those countries that help themselves."

**Cynical Appraisal**

At the same time, however, the source said, there is a cynical appraisal by Western governments of Zaire's importance as a mammoth buffer against Soviet influence in Africa, and so the aid agencies stay on.

Zairian opponents of Mr. Mobutu, meanwhile, perceive the strategic interest of the United States in a different light. "Mobutu of Zaire is another Shah of Iran," an opponent said, requesting

anonymity. "The ordinary people do not like to see America supporting the man who is oppressing them and, if the Americans do not make him change his ways, they will look to the East Europeans and the Soviets for help."

The arguments center on Mr. Mobutu's parlous human rights record. The most recent State Department report on human rights in Zaire says: "Arbitrary arrests for political reasons and because of personal vendettas apparently increased during 1981, while there was also a trend towards detaining more political prisoners in unofficial and clandestine prisons."

Also during 1981 there was the case of 13 members of Parliament who wrote an open letter to the president criticizing his regime. They were banished to their hometowns and released in December, but some of them are now in jail because they sought to establish a second political party called the Union for Democracy and Social Progress.

The party's clandestine manifesto calls for an end to Mr. Mobutu's "arbitrary" rule and asserts that if there were free elections the ruling Popular Movement of the Revolution "would not win a single seat."

The Popular Revolutionary Movement, Zaire's only legal political party, is one of Mr. Mobutu's arms of control. It is misnamed, many people say, since it is neither popular nor revolutionary nor moving toward anything but the entrenchment of an elite.

Those who sought to found the opposition party discussed the idea with one of Mr. Mobutu's senior aides, who reportedly told them that the president had authorized the negotiations.

The dialogue came to an abrupt halt in March when, in Kinshasa and in the southern town of Lubumbashi, founders of the group and their supporters, brothers and friends were arrested. Some were beaten, others said they had been tortured, and no formal charges were brought against them.

"They are at Mobutu's mercy," a relative of one of the detainees said.

The president, meanwhile, still lives in grand style, as evidenced by a recent visit to Florida with a large delegation of followers.



Mobutu Sese Seko

**INSIDE**

■ John Cheever, 70, whose poised, elegant prose established him as one of America's finest storytellers, died at his home in Ossining, N.Y. Page 7.

■ England defeated Czechoslovakia, 2-0. West Germany beat Chile, 4-1, and Spain topped Yugoslavia 2-1 in World Cup soccer action Sunday. On Saturday, the Soviet Union defeated New Zealand, 3-0, Poland and Cameroon drew 0-0, and Belgium eased by El Salvador, 1-0. Page 15.

■ The Reagan administration is seeking the release of up to 100,000 Vietnamese prisoners for possible resettlement in the United States, U.S. Deputy Secretary of State Walter Stoessel said in Singapore. Page 7.

■ The economic consequences of France's devaluation of the franc and the announcement of the first of what may or may not be a series of stringent anti-inflationary measures have yet to be seen. But first reactions suggest that President Mitterrand has suffered his first serious political setback since he took office a year ago. Page 4.



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## Planned Cutbacks in Britain's Surface Fleet Prompting Sharp Debate

By Glenn Frankel

**LONDON** — Britain's victory in the Falkland Islands has touched off a debate here over British defense policy that could have a profound impact on the nation's military role in the Western alliance.

There is already a movement in military circles to delay or to scrap Britain's planned purchase of the U.S. Trident 2 submarine-launched, long-range nuclear missile system, which the Thatcher government announced in March.

Several defense specialists are arguing that the \$13.5 billion for Trident, which some analysts predict could rise to nearly \$18 billion during the next decade, might better be spent to upgrade British conventional forces. Members of Britain's navy lobby are calling for major spending increases for the Royal Navy, which performed so successfully in the South Atlantic

but which is now slated for a sharp cutback in the size of its fleet.

While those involved in the debate insist they foresee no drop-off in London's commitment to the North Atlantic Treaty Organization, there is renewed emphasis here on what are called "out-of-area" problems — Britain's interests and defense obligations outside of Europe and NATO.

"We must have the capacity to act independently," Prime Minister Margaret Thatcher told Parliament last week. "We need both the power to act and the will to see it through."

### Nott's Fate

The early focus of the public debate is on the fate of Defense Secretary John Nott, the architect of the Trident 2 and cutback proposals. Naval advocates say that if Mr. Nott's plan had been in effect at the time of the Falklands crisis,

the navy would have been incapable of mounting the task force that was sent to reclaim the islands.

A year from now, for example, under current plans, the navy will have only one aircraft carrier available — a new one — because the government plans to sell the Invincible, which was built in 1980, to Australia and the Hermes is due for a long, elaborate refitting in drydock. The two ships, which played key roles in landing troops on East Falkland Island, had also been slated for mothballs until pressure from the navy forced the government to grant them a reprieve.

Altogether, Mr. Nott's projections call for the Royal Navy to consist of only 42 ships by 1985. The admirals and their allies, including an influential group of Conservative politicians and shipbuilding interests, say they need at least 50 ships, not including re-

placements for the four vessels lost in the Falklands war and the five or so ships they believe will have to be stationed around the islands for future defense.

Mr. Nott has insisted he will not step down and that there will be no major changes in defense policy.

### Thatcher's Thinking

Mr. Nott barely survived in April, when he was blamed, along with the foreign secretary, Lord Carrington, for being caught unprepared by Argentina's invasion of the islands. Lord Carrington was allowed to resign, and sources said Mr. Nott offered to quit but Mrs. Thatcher insisted he stay on. While publicly saying she still supports him, the prime minister is believed by many observers to be waiting for a decent interval to accept his resignation.

Despite the success of Britain's

mission to the South Atlantic, many analysts believe the military lessons of the Falklands are less than clear. While its advocates emphasize Royal Navy achievements, skeptics point out that it took only one Exocet missile to sink a destroyer and that World War II vintage bombs from obsolete Canberra bombers did major damage to other vessels.

"The navy was hard hit by Mr. Nott's cutbacks and they are clearly attempting to take advantage of the political situation following the Falklands to advance their cause," said Col. Jonathan Alford of the International Institute for Strategic Studies here. "But there are equally sound arguments not to build vulnerable surface ships and I don't think we'll see, or should we see, major changes in the size and shape of the navy because of the Falkland Islands."

Trident, however, is a different

matter, according to Col. Alford and other analysts. While Mr. Nott has pointed out that the Trident system will be purchased in increments and cost less than \$1 billion per year even during peak outlays, others expect the price tag to rise.

"Payments for the Trident system will swallow between 15 and 20 percent of the Ministry of Defense's capital expenditure from the end of this decade until the middle of the next," writes David Greenwood, director of the Center for Defense Studies at Aberdeen University, in an article published Friday in Defense Attaché magazine.

He concludes, "As time goes by, [Trident] will look like a less and less attractive proposition. Renewed debate over posture and priorities will be inescapable if this occurs, and the Falklands experience will be influential, though not decisive, in that argument."

## Iraq Orders Iran Pullout

(Continued from Page 1)

that world powers made no "tangible moves" to stop the Iran-Iraq war "even though other wars are contained within days."

But he said Iraq would "pursue its efforts with mediation groups for the sake of the just and honorable peace we demanded from the beginning."

He also expressed hope that Iraq's withdrawal would "greatly contribute to enhancing positive relations with the well-intentioned segments of the Iranian people who opposed the aggressive war waged by the Iranian regime against Iraq."

### Lebanon Comparison

He compared the Iran-Iraq situation to the Lebanon-Israel situation, asserting that Iraq would have had to pay far more than the sacrifices of this war if it had waited for Iran to launch an attack.

Iraq, accusing the Tehran government of intolerable aggression, invaded Iran demanding full sovereignty over the Shatt al-Arab waterway and the return of disputed border areas as the price of peace.

But Western diplomats in the Middle East said they believed the real aim of the secular, Arab nationalist government in Baghdad was to topple the Islamic leadership in Tehran, whose revolutionary fervor it regarded as dangerous.

The government in Tehran did not fall and the war dragged on, with Iran vowing to fight until the last Iraqi soldier left its soil. After a year of military stalemate, the tide of the war began to turn in Iran's favor last September.

As Iranian forces slowly drove the Iraqis out of much of the Iranian province of Khuzistan where the invasion had been concentrated, Iraq began to offer concessions.



In Chouayfat, a Lebanese man argues with an Israeli officer, as hundreds of persons tried to return to southern Lebanon. The Israelis are allowing only those with special passes to return.

## Israel Vows End to PLO in Beirut

(Continued from Page 1)

maintaining the Palestinian guerrilla infrastructure there.

He said anyone who leaves his arms behind can leave West Beirut, as he said many were doing now to reach the pacified towns and villages of southern Lebanon.

Mr. Sharon made it clear he was talking about Lebanese and Palestinian civilians and not guerrillas. Mr. Meridor, after the Cabinet meeting, said the cease-fire agreed to Friday primarily at U.S. urging had to a large extent been kept. He said that there had been incidents of infringement by the other side and that the Israeli Army reacted with fire.

Israeli sources said the PLO and leftist Moslem forces led by Kamal Jumblatt were jointly seeking a 48-hour extension to Friday's cease-fire. But one Israeli official said the government was anxious for an early conclusion to the negotiations being conducted by Mr. Habib and is not interested in prolonging temporary cease-fires.

"We cannot keep having one 48-hour cease-fire after another, or one-sided cease-fires while the negotiations drag on," an Israeli official said. Mr. Habib is trying to avert an attack into Moslem West Beirut by the Israeli forces to root out the estimated 6,000 Palestinian guerrillas who are besieged there.

### Exchange Proposed

Mr. Meridor said Israel would not accept an arrangement by which disarming PLO guerrillas in Beirut would be conditional on Israeli-PLO negotiations.

"Israel will not negotiate ever with the organization that calls itself an organization to liberate Palestine from the Jews — ever," he said.

There have been reports from Beirut that former Lebanese Pres-

ident Saeb Salam, who is acting as go-between for Mr. Habib and the PLO, proposed that in exchange for surrendering their arms, PLO leaders would be guaranteed safe conduct to Egypt where they could establish a government in exile. Israel, in turn, would agree to negotiate with the PLO for autonomy of the occupied West Bank and Gaza Strip.

Egypt has been actively involved in efforts to end the war in Lebanon. News agency reports from Cairo said that Egyptian President Hosni Mubarak welcomed the idea of a PLO government-in-exile based in Cairo.

Mr. Iskander's statement Sunday made clear that Syria is committed to keeping troops in Lebanon regardless of the Lebanese government's position. He also said Syrian troops still in Beirut would resist any Israeli attempts to attack Palestinian strongholds in the city's western section.

However, diplomatic sources here believe the Syrians are not in a position to defend Beirut and probably would not risk a major break in the cease-fire to try to do so.

## Parties in Syria Urge Attack on U.S. Interests

By Henry Tanner

**DAMASCUS** — The leaders of the political parties represented in the Syrian National Assembly have issued an appeal to "Arab masses" everywhere to show their solidarity with the Palestinians in Lebanon by "attacking and destroying American interests" in the Arab world.

The Syrian parties also called Saturday for the upgrading of Syria's friendship treaty with the Soviet Union into a full-scale strategic alliance, apparently along the lines of the strategic alliance concluded by the United States and Israel.

The declaration said all Arabs "must know that Syria and our people have chosen to mingle our blood with that of the Palestinians and that we will continue to fight to protect the Palestinian people." It was issued by the leadership of the National Progressive Front, which consists of the ruling Ba'ath Party of President Hafez al-Assad and several small parties.

The Ba'ath Party has about two-thirds of the seats, and Mr. Assad is president of the front.

Western diplomats pointed out that a declaration by the front is regarded as having less authority than one issued by the leadership of the Ba'ath Party itself, which makes all the key decisions.

A high-ranking official reached by telephone Saturday ruled out any violent action against the U.S. Embassy or against Americans here as a result of the declaration.

### "Nothing to Say"

The U.S. ambassador, Robert Paganelli, said he had "nothing to say."

The parties' declaration accused the United States of participating in the planning of the Israeli invasion, providing the weapons and giving Israel the needed "political and military cover."

It said, "The Arab regimes have been either silent or mocking or plotting."

Western diplomats said Syria some months ago sounded out the Soviet Union about the possibility

of turning the friendship treaty between them into a strategic alliance on the model of the American-Israeli agreement. The Soviet response was negative, the diplomats said. Informed sources said Saturday night that no such alliance has been signed by the two countries.

According to Western diplomats, Syria's main goal is to obtain a Soviet assurance that military aid will be forthcoming not only in case of an attack on Syrian territory but also in the case of attack on the Syrian positions in Lebanon.

While Saturday's statement by the political parties described the Soviet Union as a "true and loyal friend," Syrian officials have been described by foreign diplomats as being privately disappointed with the Soviet reaction to the invasion, considering Moscow's response too low key.

## Coalition's Fate Hinges on Budget, Bonn Aide Says

The Associated Press

**BONN** — Willy Brandt, former chancellor and now the leader of the Social Democratic Party, said Sunday that the talks over West Germany's 1983 budget would decide the fate of Chancellor Helmut Schmidt's government.

The coalition of Social Democrats and Free Democrats, increasingly divided in the last 18 months over economic questions, has set itself a target of July 7 to agree on the 1983 budget. The parliamentary parties are to meet Tuesday and the Cabinet Wednesday to decide on the size of state debt.

Mr. Brandt said on a West German television program that he hoped the two parties would reach an agreement. "But we still cannot be quite certain," he said. "The next few weeks will show." He added that the outcome of the talks "will show how government is going to go on in Bonn."

## Argentina Post Taken

(Continued from Page 1)

pale blue and white colors of the Argentine flag.

In London, The Sunday Times said a seven-man British commando team was captured on a reconnaissance and sabotage mission near the Argentine military base at Rio Gallegos more than a month ago.

The Times, quoting senior U.S. intelligence officials in Washington, said the team was apparently using American-made mobile radar units to keep track of Super Etendards and Skyhawks flying from the mainland to strike the British task force.

The Times said Britain's decision to hold approximately 1,000 Argentine troops captured in the Falklands might be designed to win the release of the commandos.

Meanwhile, in Portsmouth, England, the "luckiest ship alive" limped home Saturday to a tumultuous welcome. The British destroyer Glasgow had been hit by an Argentine bomb that passed through its hull without exploding.

The Glasgow was the first British surface vessel into the war zone around the Falklands on May 1 and was stationed off San Carlos when British troops landed on the islands.

## Workers Start To Reconvert QE2 to a Liner

The Associated Press

**LONDON** — The luxury liner Queen Elizabeth 2, back from the Falklands after serving as a troop carrier, is packing up its helicopter landing pad and cleaning out its swimming pool in preparation for resuming its cruises to New York.

Full-page advertisements in The Times and The Daily Telegraph on Saturday announced that the ship will return to the cruise business on Aug. 14, just two months after returning from the most hazardous journey of its 15-year history.

A spokesman for the Cunard Line, the ship's owners, said the QE2 went into drydock in Southampton Friday night for an examination of its hull and that 200 shipyard workers have started reconvert the QE2 to a luxury liner.

Doug Ridley, the QE2's executive captain, said damage caused by the 3,000 troops was superficial. "You could have turned moving around with guns and heavy boots and not do some scuffing damage and knockers here and there on fabrics," he said.

## WORLD BRIEFS

### Spain Sets New Terms on Gibraltar

**MADRID** — Spain will not lift its blockade of Gibraltar unless Britain pledges serious talks at the negotiations scheduled to start Friday over the future of the British crown colony, diplomatic sources said here Sunday.

Spain, which claims Gibraltar, and Britain had agreed to open the talks on April 20, but the negotiations, along with Spain's promised opening of the gate sealing Gibraltar from the mainland, were postponed when British diplomats had their hands full with the Falklands.

Negotiations will be held in the Portuguese town of Sintra.

### France Vague on Spain's EEC Entry

**MADRID** — President Francois Mitterrand of France said in a newspaper interview published Sunday that economic problems in Western Europe made it impossible to say when or how Spain could join the European Economic Community.

Mr. Mitterrand told the daily El Pais that his government "accepts the hypothesis of Spanish presence in Western Europe and the Common Market." But he added, "The economic reality imposes serious problems which mean one cannot say in advance when or under what conditions." One problem he noted was the similarity of French and Spanish agricultural products.

Mr. Mitterrand is due to arrive here Tuesday for a three-day visit that will include talks with King Juan Carlos I and Prime Minister Leopoldo Calvo Sotelo.

### Soviet Peace Group Member Held

**MOSCOW** — Vladimir Fleishgaker, a member of a recently formed independent peace movement in the Soviet Union, said he was detained by police for five hours on Sunday after he tried to leave his apartment to vote in local elections.

Mr. Fleishgaker, 28, an engineer, is one of 11 members of the "Group for Establishing Trust Between the U.S.S.R. and U.S.A." which announced its existence at a press conference on June 4. All have since been detained and questioned, and some threatened with prosecution if they continued their activities.

Authorities have prevented Mr. Fleishgaker, Viktor Blok and movement co-founders Sergei Batovnin and Sergei Rozenev from leaving their apartment buildings for a nearly a week, movement members said, and police have blocked Western reporters from entering Mr. Batovnin's and Mr. Rozenev's homes. Mr. Fleishgaker said authorities did not say why he was detained.

### Hunger Striker Leaves Soviet Union

**MOSCOW** — Andrei Frolov left the Soviet Union Sunday on the exit visa he won through a 26-day hunger strike, but Yuri Balovlenkov was still fasting in his 42d day.

Mr. Frolov, 51, a journalist, boarded an Aeroflot flight to Frankfurt, where he was to make a connection to Chicago. He is married to Lois Becker Frolov of Chicago. He was the one clear success story to emerge from the hunger strike started May 10 by the Divided Families Group, Soviet citizens who were denied permission to join spouses in the West.

Two other members of the group appeared to have been promised visas, but have not received them. Mr. Balovlenkov, 33, had no word at all on his visa processing. He is married to Elena Kusmenko, a nurse in Baltimore. The former computer specialist has never seen his 2-year-old daughter.

### Basques Claim 2 Bombings in Spain

**MADRID** — Basque separatist guerrillas claimed responsibility Sunday for a bomb blast in Bilbao, only 300 meters (330 yards) from a stadium being used for the World Cup matches.

The military wing of ETA (Basque Homeland and Freedom) said it was responsible for the explosion Saturday in a Bilbao bar and another Friday at a bank in Lasarte.

Also, police in Villafraanca de Oria, south of San Sebastian, said Sunday a shepherd had discovered the 10-kilogram (22-pound) bomb attached to an installation of the Iberduero Power Co., a frequent target of Basque guerrillas because of its plans for a nuclear plant.

### Priest Held by Irish on Arms Charge

**DUBLIN** — A special anti-guerrilla criminal court has indicted a New York-based Roman Catholic priest, his brother and a man from Northern Ireland on charges of possessing firearms.

Father Patrick Moloney, his brother John and Patrick McVeigh of Belfast were indicted Saturday, a day after they were arrested in the southwestern city of Limerick. The police said they seized a U.S.-made rifle, ammunition and other weapons. Mr. McVeigh was also charged with being a member of the IRA.

Informed sources said U.S. customs authorities had seized more weapons in New York and that agents of Ireland's anti-guerrilla Special Branch arrested the three after U.S. officials told them that the IRA was shipping weapons from New York to Dublin in a consignment of bedding.

Compiled From Agency Dispatches

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# U.S. Arms Negotiator Holds 'Guarded' Hope as Talks Near

By Richard Eder  
New York Times Service  
PARIS — The chief U.S. negotiator in the coming strategic disarmament talks with the Soviet Union has said he is guardedly optimistic about the outcome.  
The word "guarded" was as far as Edward L. Rowny was prepared to go publicly in talking to reporters here Saturday. In fact, U.S. negotiators have let it be known they are decidedly pleased, both with the U.S. proposal and with the fact the Soviet Union has not rejected it.  
The talks, which the Reagan administration has labeled START to replace the SALT acronym given to the earlier series, will begin June 29 in Geneva. Mr. Rowny is a retired lieutenant general who resigned from the strategic arms negotiating team in 1979 because he thought the United States was conceding too much.  
American Objective  
The American objective, Mr. Rowny said, is both to reduce weaponry and to make sure there will be military equality after the reductions. If to achieve this objective the Soviet Union is obliged to cut more painfully than the United States, he continued, it was simply because in recent years they have built more weapons.  
Nevertheless, he continued, "one of the criteria of our plan is that it must be negotiable; that is, it must have something for the Soviet Union as well as for us. And they have a lot to gain."



Virginia Colata, 101, and her grandchildren sat in the ruins of their house in San Salvador after the earthquake. Two other children in the family and their mother were killed.

# U.S. General Warns Against Nuclear War Plan

By George C. Wilson  
Washington Post Service  
WASHINGTON — Gen. David C. Jones, chairman of the U.S. Joint Chiefs of Staff, has left office with the warning that it would be "a bottomless pit" to try to prepare the United States for a long nuclear war with the Soviet Union.  
Gen. Jones, who stepped down on Friday from the highest U.S. military position, said he doubted the any nuclear exchange between the Soviet Union and the United States could be contained but would escalate into an all-out war.  
Rather than spend the billions of dollars it would take to prepare the United States for a protracted nuclear war, Gen. Jones said, it would make more sense to build up U.S. forces for more likely non-nuclear conflicts.  
Defining "protracted nuclear war" as one lasting "weeks or months," the 60-year-old four-star general said: "If you really put a lot of emphasis on it, you've got a bottomless pit in terms of dollars."  
He said that even if one were to say "I'm going to do everything to try to fight a protracted nuclear war," the resources for that are too great, even if the Reagan administration achieves its goal of increasing military spending by 7 percent a year after allowing for inflation.  
With that increase, he said, "We're going to have a hard time doing what is already on the books. We are in the priority business. We have greater needs" than trying to prepare the United States for protracted nuclear war, needs such as paying for the forces and weapons needed for conventional conflicts.  
His contention that there is not enough money in sight to gear up for lengthy nuclear wars came in response to questions about the guidance Secretary of Defense Caspar W. Weinberger recently issued to the military services to help them structure their forces in the five-year period from fiscal years 1984 through 1988.  
In a headline May 30, The New York Times portrayed the guidance as the "first strategy for fighting a long nuclear war," and said in an accompanying article that the Reagan administration was embarked on a "new nuclear strategy."

Among these gains, Mr. Rowny said, is the fact the United States is preparing a number of important weaponry additions: the deployment of MX missiles, an increased bomber force of new types and new and more powerful versions of the Trident submarine missile system.  
Acceptance of the U.S. proposal would not mean that improved weapons would not be introduced, but it would limit their numbers, he said.  
Furthermore, he said, the Soviet Union has important economic incentives to agree to arms reductions. Asked if he meant that a relaxation of U.S. efforts to block the export of advanced technology and to restrict East-West trade could be a part of a deal on arms reduction, Mr. Rowny said there was no direct linkage, but "there's always linkage in the background."  
NATO Consultations  
Mr. Rowny has just finished a swing through Europe to discuss the negotiations with the NATO allies.  
In its initial phase, the plan announced by President Reagan last month calls on both countries to reduce by a third the stocks of long-range nuclear warheads, now numbering about 7,500 on each side. Not more than half the remaining warheads could be deployed on land-based intercontinental missiles.  
This second point affects the Soviet Union more acutely than it does the United States. The Soviet strategic nuclear arsenal is composed principally of land-based weapons. The U.S. nuclear strength rests mainly on submarine-launched missiles.  
This disparity has led Soviet spokesmen to call the U.S. proposal lopsided, although so far Soviet reaction has generally been cautious. Mr. Rowny cited this caution as one reason for his "guarded optimism."

# Quake Hits El Salvador, Guatemala; 14 Are Killed and Hundreds Injured

United Press International  
SAN SALVADOR — An earthquake has struck El Salvador and Guatemala, killing at least 14 persons and injuring hundreds more.  
Officials said Saturday's earthquake was the worst to hit El Salvador in 17 years and was felt throughout Central America. The U.S. Embassy in San Salvador was damaged.  
In San Salvador, officials said three people were killed. Outside the capital, the authorities said eight farmers were crushed to death in their homes.  
In southeastern Guatemala, at least three people were reported killed in Jutiapa and 750 people were left homeless in Jalapa. The U.S. Embassy received moderate damage, a spokesman said. An employee said the ceiling collapsed in the office of Ambassador Deane R. Hinton. Elevators were knocked out of service and deep cracks appeared in walls.  
Meanwhile, leftist guerrillas in El Salvador said Sunday that they are holding Col. Adolfo Castillo, the undersecretary of defense who was reported killed last week in a helicopter crash during fighting with guerrillas.

# Tass Denounces U.S. Ban on Gear for Pipeline

The Associated Press  
MOSCOW — The Soviet press agency Tass has criticized President Reagan's extension of a ban on the sale by U.S. firms of oil and gas equipment to the Soviet Union, saying the decision was an attempt to turn routine trade "into an instrument of political blackmail."  
"This decision is sure to aggravate differences on both sides of the Atlantic in relations between the United States and the West European countries," Tass said Saturday.  
The White House announced Friday that Mr. Reagan was extending the sanctions against sales by U.S. firms and also expanding it to include foreign subsidiaries and licensees of U.S. companies.

trical concern, said Sunday that the Reagan decision threatened thousands of jobs at AEG and may have far-reaching consequences for European and U.S. trade with the Soviet bloc.  
AEG, which has been in financial difficulties for three years and which is asking aid from West German banks and the state, is one of several West German companies participating in construction of the 3,000-mile (4,800-kilometer) pipeline carrying gas from the Yamal peninsula in Siberia to Western Europe.  
AEG contracted last fall to deliver 47 gas turbines worth about 650 million marks (\$265 million) for compressor stations along the pipeline. A subsidiary, AEG-Kanis, is also under contract to deliver equipment for the project.  
President Reagan's expansion Friday of the sanctions to include foreign subsidiaries and licensees prevents the supply to AEG of important electrical parts from General Electric in the United States.

# 1970 Protocol on Guyana Expires, Reopening Venezuela's Land Claims

The Associated Press  
CARACAS — The Port of Spain Protocol, which froze Venezuela's claim to 50,000 square miles (129,500 square kilometers) of territory in Guyana for 12 years, has expired.  
The question now reverts to the terms of the 1966 Geneva Accord, signed by Britain, Venezuela and Guyana, stipulating that both parties negotiate for three months. If no agreement is reached by then, the matter goes to the secretary-general of the United Nations.  
The protocol, signed in 1970 in Trinidad, expired Friday because Venezuela refused to extend it. Foreign Minister José Alberto Zambrano held separate meetings here Friday with the ambassadors of Britain and Guyana.  
The area in dispute is west of the Essequibo River and makes up about two-thirds of Guyana's territory. Recent studies have said the territory is rich in bauxite, from which aluminum is obtained. Venezuela contends that an 1899 arbitration award by British judges on the Essequibo region was fraudulent.  
But he also gave the standard instruction that evidence the defendant had or has some mental illness does not necessarily mean he was legally insane or was not responsible for his actions.  
He told the jurors that, if they found the defendant not guilty by reason of insanity, he would be committed to a mental hospital and confined there indefinitely, unless and until "the court finds by a preponderance of the evidence that he is not likely to injure himself or other persons due to mental illness."

# Talks on Acid Rain to Open in Sweden

Reuters  
STOCKHOLM — Environmental experts who begin a four-day conference Monday on acid pollution will have before them a study by Swedish scientists reporting that acid rain has destroyed plants and fish in 4,000 of Sweden's 50,000 lakes.  
The conference will discuss what many experts regard now as the world's most serious environmental problem — the acidification of air, soil and water. The conference will be followed by a meeting here next week of 33 environmental ministers whose countries signed the 1979 Geneva convention on transboundary air pollution.  
The report, prepared by Swedish scientists for the "Environmental '82" meeting, describes the devastating effects of airborne sulphur and nitrogen oxides on lakes, land and forests up to hundreds of miles from the industrial sources of the pollution.

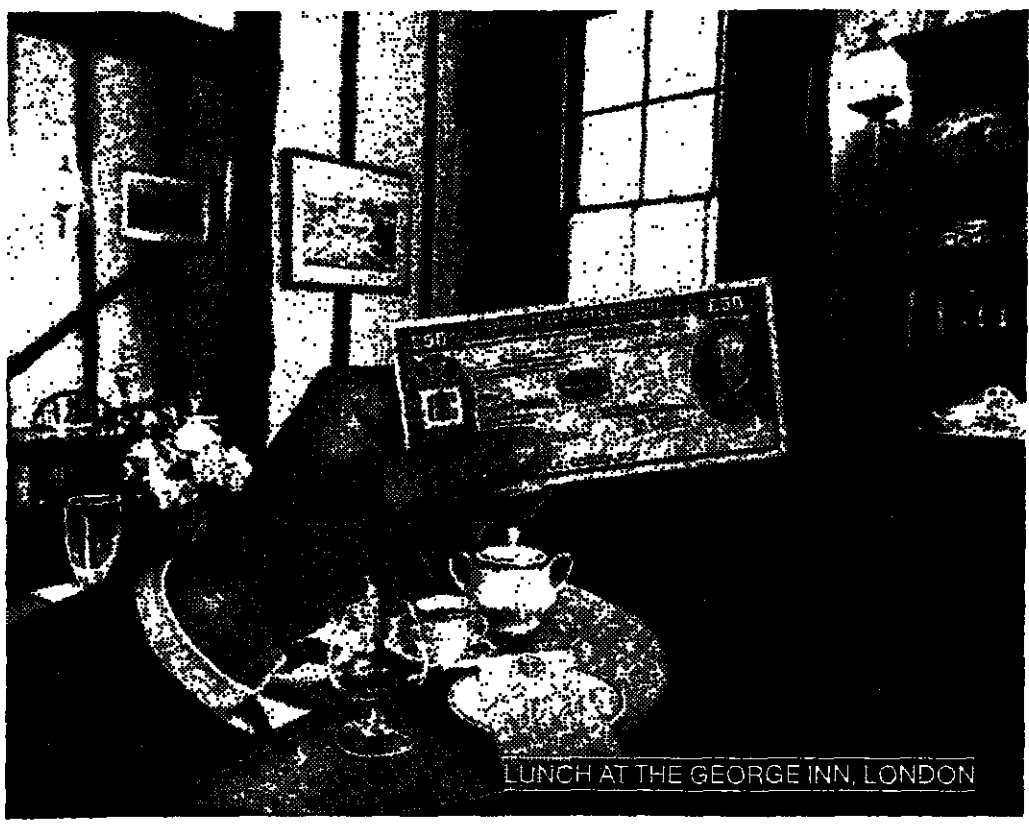
Mr. Reagan's decision Friday was described in the Soviet Union as a "fresh step on the path of building up international tensions and upsetting mutually beneficial business and economic East-West cooperation."

German Critic Move  
FRANKFURT (AP) — AEG-Telefunken, a West German elec-

# Thomas Cook. The familiar face in unfamiliar places.



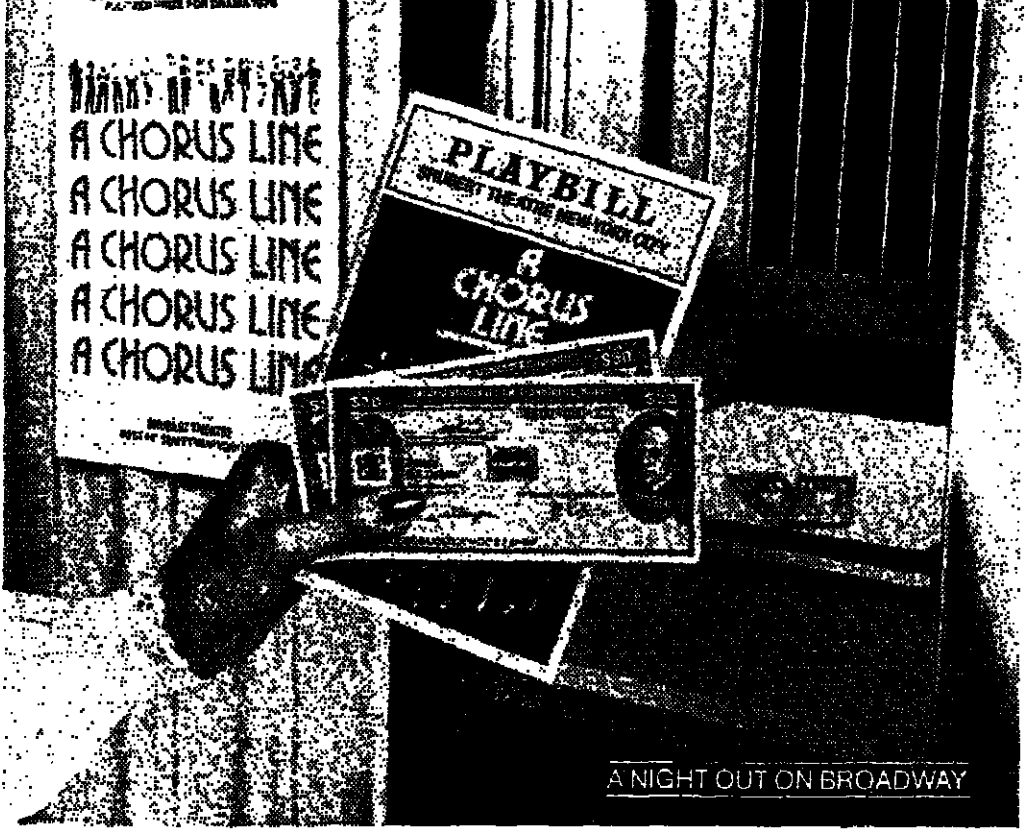
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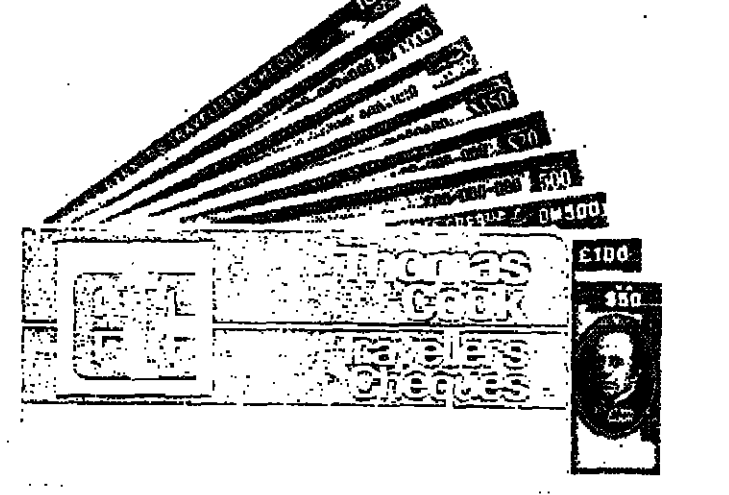
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## Despite Devaluation, Mitterrand Hesitates To Shift Political Stand

By Richard Eder  
New York Times Service

PARIS — The economic consequences of France's devaluation of the franc on June 12 and the announcement a day later of the first of what may or may not be a series of stringent anti-inflationary measures have yet to be seen.

"The Last Chance" was the headline in *Les Echos*, a financial newspaper not notably supportive of the government. *Le Monde*, which tries to be as sympathetic as it can, concluded, "The franc is not saved; merely reprieved."

Already, however, the reactions suggest that President François Mitterrand has suffered his first serious political setback since he took office little more than a year ago. It was not simply that a policy that told the French that they could have economic growth, redistribution of income and social change in the midst of a recession has been thrown into question.

It was that, even as the government was announcing the first of its austerity measures, no real change of political message went with it. Press leaks and commentators had prepared the country for a call for sacrifice and austerity at a major news conference on June 9, but Mr. Mitterrand then gave reporters only vague hints that change might be needed. Essentially, he said growth would continue and all would go well, if a bit more slowly than expected.

**Economic Reactions**  
Liberation, which is moderately leftist and supports the government's aims, though often critically, accused the president, in effect, of shirking his duty to lead. It compared him to the stock market cartoon character who pedals his bicycle off a cliff and keeps pedaling in the same direction, even though there is no ground under him.

On the economic side, the first financial reactions were about as expected. The value of the Deutsche mark, instead of rising by 10 percent as the French devaluation and West German revaluation provided for, increased by only 6 percent. Basically, this means that both currencies are comfortably back in the middle of the float allowed by the European Monetary System and that, for the moment, the pressure is off the franc.

But a devaluation is, at best, a means for encouraging attention. By ordering a four-month freeze on prices and wages, the government has disclosed only a part of its intentions. More important, nobody at this stage is guessing whether it will pursue its plan if

the effects of the freeze become unpopular. Complaints have already begun. The opposition parties have, predictably, accused the government of incompetence. More important, the initial reactions of business and labor have ranged from wary to hostile.

**Employer Chief Objects**  
Prime Minister Pierre Mauroy on Thursday began what will undoubtedly be a series of meetings with representatives of the major labor and employers' groups. But Yvon Gattaz, head of the powerful National Council of French Employers, said the price freeze was unsatisfactory, objected to the plan to increase payments to stabilize the social security system and called for the postponement of measures giving more rights to workers.

As for the unions, their political support for the government has made them more circumspect. But the biggest group, the Communist-led General Confederation of Labor, has warned against any reduction of workers' purchasing power. However the wage and price freezes work out, the critical question is what will happen when they are lifted. For the government to persuade management and labor to negotiate long-term agreements of restraint will call for a great deal of persuasion, and more political definition than the Socialists have so far managed.

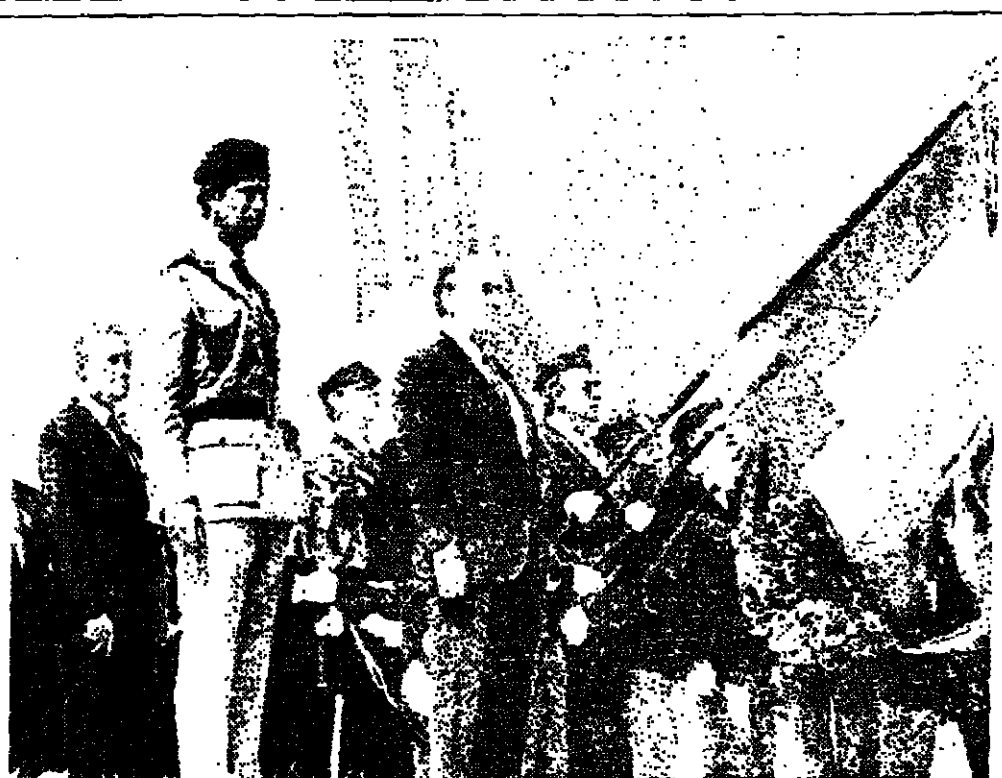
Mr. Mitterrand, who usually shows great skill at matching the public mood, has shown considerable uncertainty in marshaling political support for what is clearly the most critical test his government has faced.

Polle have indicated for some time that the public, worried about inflation and retaining a great deal of trust in the president, would support an austerity program. Yet Mr. Mitterrand has, so far, failed to find language to match the measures that his ministers are beginning to take.

It is possible that he has misjudged his timing and will move to regain the initiative. But there are some real difficulties in his position.

The Socialists may have come to power because the French were dissatisfied with having one political grouping in power for 25 years. Polls show that despite the difficulties, the French are quite happy with their change.

But one year into office, Mr. Mitterrand and his party still cling to the notion that they came to power because of their program, which offered important economic and social changes while retaining the main national and international structures of French life.



**RAID CELEBRATED** — Prince Charles of Britain, left, and French President François Mitterrand during a commemoration Sunday of a British raid on a Nazi radar station at Bruneval, on France's Normandy coast. The attack, by British paratroop commandos, took place on Feb. 28, 1942, and was the first incursion by Allied forces into German-held France.

## Immigration of War Foes to U.S. Linked to Plot to Oust Albanians

By Ralph Blumenthal  
New York Times Service

**NEW YORK** — Albanian émigré leaders who collaborated with Axis forces in World War II were helped to enter the United States in the early postwar years in connection with efforts to undermine the Communist government of Albania, according to State Department documents.

The documents have been declassified and were obtained by Marc Truitt, a Stanford University doctoral candidate working on a dissertation on political mobilization of Albanian exiles during the Cold War.

The papers prompted Congress to reopen an investigation into a possible cover-up involving suspected Nazi war criminals and collaborators given refuge in the United States.

The documents are said to show that although the State Department initially objected to admitting some of the Albanian émigré leaders because of their backgrounds, intelligence considerations later brought a reversal.

The intelligence efforts, which included dropping agents into the Balkans by parachute in the early 1950s to foment revolts, were unsuccessful and exacerbated Albanian hostility toward the United States.

A State Department official, Ron Neitzke, said he had not seen

the documents and could offer no comment. A State Department spokesman, Alan D. Romberg, earlier denied that there had been an attempt at a cover-up.

Albania, which is on the Adriatic between Yugoslavia and Greece, was occupied by the Italian and Nazi armies from 1939 to 1944, when it was liberated by Communist-led partisans. It is among the most politically isolated nations; it has broken with its former allies, the Soviet Union and China, and only recently signaled an interest in closer relations with Western Europe.

John J. Loftus, a former war crimes investigator for the Justice Department's Office of Special Investigations, alleged May 16 on the CBS News program "60 Minutes" that U.S. intelligence agencies had smuggled Belorussian Nazi collaborators into the United States for agitation against the Soviet Union.

Mr. Truitt then made some of his Albanian documentation available to Mr. Loftus, who passed it on to the General Accounting Office, an investigative arm of Congress. Mr. Loftus said Axis collaborators could not legally enter the United States.

The General Accounting Office said in 1978 that it had found no evidence of any "widespread conspiracy" to obstruct investigations of suspected war criminals in the United States. Then disclosures that some files had been hidden

from the office's investigators prompted the House Judiciary Committee to ask the agency in May to reopen its inquiry.

Mr. Truitt obtained an account of a visit by Midhat Frasheri, leader of the Albanian wartime group Balli Kombetar, or National Front, to the U.S. ambassador in Rome in November 1947. Mr. Frasheri wanted 50 followers admitted to the United States to counteract Communist "intrigues" among Albanians. First on the list was Hasan Dosti, Albania's minister of justice during the Italian occupation.

Months later, after checking secret files on Mr. Frasheri and his followers, the State Department replied that it "does not believe it would be appropriate" to facilitate the group's entry. It is apparent that the political backgrounds of many of the Albanian exiles in Italy are somewhat checked and that the presence of these persons in the United States in the circumstances envisioned might sooner or later occasion embarrassment to this government.

Yet by April, 1949, Mr. Dosti was in Washington urging officials to support a committee of Albanian émigrés. He later became the president of the U.S.-sponsored National Committee for a Free Albania. He is now 87 years old and lives in Los Angeles.

**Assertions Dismissed**

In a telephone interview, Mr. Dosti dismissed as Communist propaganda assertions that Albanian war criminals had come to the United States, adding that he fought the Germans and that the Germans killed members of his family.

The Free Albania committee was given a voice in U.S. policy, according to an account in 1949 of a meeting between Dean G. Acheson, the secretary of state, and Ernest Bevin, the British foreign secretary.

"Bevin," Mr. Acheson was quoted as saying, "asked whether we would basically agree that we try to bring down the Hoxha government when the occasion arises. I said yes, but if this were precipitated now the Greeks and Yugoslavs might touch off serious trouble. Bevin agreed that we have to be careful or Russia will intervene. He asked what government would replace Hoxha if he is thrown out? Are there any kings around that could be put in?"

A U.S. intelligence agent involved in such efforts was Michael Burke, later president of the New York Yankees baseball team and a CBS executive. In an interview in March in Ireland, Mr. Burke said that in the late 1940s, "I was asked by the CIA if I would try to create a revolution in Albania." He concluded that "you couldn't do it with just locals."

**Three Cosmos Satellites Put in Orbit by Moscow**

**United Press International**

**MOSCOW** — The Soviet Union has launched three satellites in its Cosmos series, Tass said during the weekend.

The Cosmos 1379, 1380 and 1381, launched Friday, were all operating normally, Tass said Saturday. The press agency said all three satellites were designed to continue research into outer space.

**Welshman Seeks Mountain Rights**

**Britain Blocks Quarryman to Preserve Secret Chambers**

**New York Times Service**

**BLAENAU FFEISTINIOG, Wales** — Hidden inside a Welsh mountain is a secret that has pitted a soft-spoken Welshman against the British government.

Owen Glyn Williams, 36, director of Cwt-Y-Bugall Slate Quarries, is engaged in a legal battle with the government over rights to a squat and barren mountain named Manod, where British art treasures were stored during World War II.

Although its lease expired 21 months ago, the Property Services Agency, which administers the government's estate, refuses to budge from the site. A two-man maintenance team continues to guard closely six warehouse-sized chambers deep within Mount Manod.

Mr. Williams, who owns the land and has been mining parts of the mountain for five years, has had to curtail his quarrying to avoid jeopardizing the chambers' safety.

"I could expand our output by 400 or 500 percent if I got access to the whole mountain," he said. "There's more potential in Manod than in any other quarry in North Wales, and I resent the government making me lose an opportunity to make money when I have more orders than I can fulfill."

The government's refusal to disclose the contents of the vaults has intensified speculation that they may be intended for use as a refuge for the royal family in the event of nuclear war.

"What is the government's intention?" asked Frank Allau, a member of Parliament. "If it is to store art treasures in case war breaks out, the whole thing is a farce because so few would be left to enjoy the paintings. If it is to shelter VIPs, it

## Alaska Mails State Funds To Residents

**81,000 Checks Begin A Payout of Revenue**

**By Wallace Turner**  
New York Times Service

**FAIRBANKS, Alaska** — The first \$1,000 checks have gone into the mail in the state capital of Juneau to begin an unusual distribution of state funds.

More than 400,000 adults and children who live in the state are eligible to apply for a \$1,000 payment from the earnings of the Alaska Permanent Fund, \$3.1 billion representing part of the state's oil royalties.

As the program began, only 160,000 people had applied. But there were long lines Thursday at state offices here and in Anchorage to pick up application forms. Residents have until mid-October to file applications.

Half the earnings of the Permanent Fund will be distributed each year under a law signed last week by Gov. Jay Hammond. Estimates are that next year's individual payment will be \$356, and \$247 in 1984.

Distribution of what Mr. Hammond likes to call "Permanent Fund dividends" was to have started in 1980 under a law that paid \$50 for each year of residence since Alaska became a state, which at that time would have amounted to a maximum of \$1,050.

The State Supreme Court rejected a case charging that this favoritism to longer residents was unconstitutional, and last Monday the U.S. Supreme Court, which had granted a stay pending appeal, overturned this decision.

Meantime, the legislature, had passed a stand-by bill allowing a flat \$1,000 for all who have lived in Alaska for six months, which is what Mr. Hammond signed Wednesday night.

**Cash for Natives**

The money will be very important to some people who live in poverty in this state, where oil wealth permitted Alaska several years ago to abandon income and sales taxes. Alaskan natives subsisting on fish and game will particularly welcome the windfall.

Gov. Hammond was unhappy that the original payout plan was upset, but he said that the new plan would maintain much of what he wanted when he proposed the Permanent Fund and the dividend plan.

"I wanted to curb the runaway growth of government," he said. "I wanted to create a constituency that would stand guard over the Permanent Fund. And believe you me that the politicians would have sopped up every penny of it if we hadn't stopped them."

Mr. Hammond will leave office in January at the end of his second term, the legal limit.

He said he wanted Alaskans to realize that "this is their money that the politicians are paying out for programs the state has no business being involved with." He said: "Special interests come to Juneau and get what they want and people ought to put a stop to it."

Not everyone supports the dividend plan. Robert Penney, a wealthy real estate developer, said he would give his \$1,000 to the Anchorage Chamber of Commerce Energy Committee.

"We should be investing in legacies for the future such as hydro projects, roads and bridges," Mr. Penney said.

Steve Cooper, a Fairbanks lawyer seeking the Democratic nomination for governor, said he feared that the payout would lead Congress to enact legislation cutting into Alaska's oil income.

## Reagan Urban Report Says Federal Aid Has Hurt Revival of Cities

By John Herbers  
New York Times Service

**WASHINGTON** — In a reversal of policy from past administrations, a draft of the first urban policy statement of the Reagan administration asserts that federal aid has contributed heavily to the decline of American cities and argues that many grants now being made ought to be eliminated.

The report proposes criteria for the federal role that would rule out a wide range of assistance, including help for street repairs, transportation and water supply, areas where federal dollars are now used extensively.

The report, prepared for Congress by the Department of Housing and Urban Development, asserts that even the most fiscally troubled cities are capable of recovering without federal grants.

**Comprehensive Statement**

The report is the administration's first comprehensive statement of urban policy. It says some federal programs of the last two decades have transformed local officials "from bold leaders of self-reliance to wily stalkers of federal funds" and have helped cause the poor to become the only class of Americans without motivation to move elsewhere for better opportunity.

"Cities can learn to become masters of their own destinies — regardless of the level of federal support," the report asserts. "The federal government cannot develop the flexible, broad range of policies and partnerships needed to rebuild and revitalize urban life. Neither can it guarantee a city's long-term prosperity. All too often the promise of such guarantees has created a crippling dependency rather than initiative and independence."

"It will now be the responsibility of local leadership, working closely with the private sector and the city's neighborhoods, to develop a strategy for the survival and prosperity of the country's cities," the report concluded.

States rather than the federal government, it says, are capable of reducing disparities between affluent suburban areas and impoverished central cities.

**Consistent With Reagan Policy**

The report is consistent with President Reagan's opposition to regulation and his desire to turn power back to the state and local levels. Until now, his philosophy as applied to cities has not been stated in such detailed form.

The administration is required by law to file an urban policy

statement with Congress every two years. The report has gone through several revisions, some ordered by the White House. It is expected to go to Congress soon without major alterations, officials said. Congressional hearings on its contents are expected this summer.

E.S. Savas, the assistant secretary of housing and urban development for policy development and research, said the document was by no means complete but would mark a bold departure from past policies. Other officials said the 40,000-word document was a fair representation of the views of the federal agency to which cities look for representation in Washington.

The federal document contrasts sharply with the urban policy statement submitted two years ago by the Carter administration, which called for a panoply of federal urban aid. It also goes further than a report by the President's Commission for National Agenda for the Eighties, released just before President Reagan's inauguration, in declaring that the federal government should not intervene to slow the decline of old urban centers, as it has done under several administrations.

**Mayors Meet in Minnesota**

As the report was near completion, the U.S. Conference of Mayors, which is holding a convention this weekend in Minneapolis, was preparing to act on resolutions seeking increased federal assistance. Most large cities have been cutting services and raising taxes to cope with the recession and cuts in federal funds, and many states are in the same predicament.

The billions in special federal aid that have gone to cities in the last two decades stemmed from the belief that cities could not help themselves or obtain enough aid from the states because middle-class citizens had moved out. Behind them they had left the central urban cores with low tax bases and large concentrations of the poor, minorities and the elderly, as well as decaying physical facilities.

The report to Congress would make a 180-degree change in this description of the plight of the cities. It would disagree with general revenue sharing and other federal programs the cities are still receiving.

The report asserts that states have become more responsible to urban needs, that regional differences in income and tax potential have narrowed, eliminating the need to subsidize poor regions, and that cities can no longer rest on the industrial and manufacturing bases that made them great.

## U.S. High Court Asserts Rights for the Retarded

By Fred Barbash  
Washington Post Service

**WASHINGTON** — The Supreme Court has established for the first time constitutional rights for people committed to institutions for the mentally retarded, including unrepentant, but limited, guarantees of a minimum level of training and development.

The court said in its decision Friday that institutions have an obligation, enforceable in the courts, to provide a reasonable amount of physical freedom as well as safety for involuntarily committed patients.

At the same time, Justice Lewis F. Powell Jr., writing for the 6-to-1 majority, cautioned judges to respect the professional judgments and budgetary restraints of the institutions and not require them to "make each decision in the shadow" of possible lawsuits.

The opinion, carefully balancing the competing interests in one of the most publicized cases of the current term, applies directly to hospitals for the mentally retarded, but it is also expected to affect mental hospitals.

The decision left many questions unanswered, such as who determines reasonable freedom and under what circumstances, and

many points unclear, in an attempt to allow flexibility for professional judgments. The ruling also allowed numerous defenses for institutional officials sued for mistreatment, including a defense that the problems were caused by "budgetary restraints."

Nevertheless, the decision is a cornerstone in what has become a "patients' rights" movement comparable in many respects to the prisoners' and defendants' rights thrust of the 1960s and 70s.

The case began with a suit brought on behalf of Nicholas Romeo, a 33-year-old man with the mental capacity of an 18-month-old child. Mr. Romeo's mother had him legally committed in May, 1974, to the Pennsylvania State School and Hospital near Philadelphia. That state-run institution has been the subject of numerous suits and complaints of mistreatment.

She became concerned about her son's treatment after learning that he had been injured at least 70 times both by his own hand and by others reacting to his behavior. She also learned that officials had repeatedly confined him to physical arm restraints during portions of each day.

Justice Powell said that the patients should have at least the constitutional protections afforded prisoners, such as a right to safe conditions and the right to be free from unnecessary physical restraints. He based his ruling on the due process clause of the Fourteenth Amendment to the Constitution, which protects the personal physical liberty of individuals from unfair or unreasonable incursions by the states.

Experts in mental health law said Friday that even with its ambiguities, the ruling in *Youngberg vs. Romeo* was an important change in the law. "It is a positive step in the right direction," said Norman S. Rosenberg, director of the Mental Health Law Project in Washington. Mr. Rosenberg said it was the first time the court had said that such institutions have to do anything besides basic maintenance for patients, the first time any "affirmative right" to training had been granted.

## Thousands Take Part In Paris Peace March

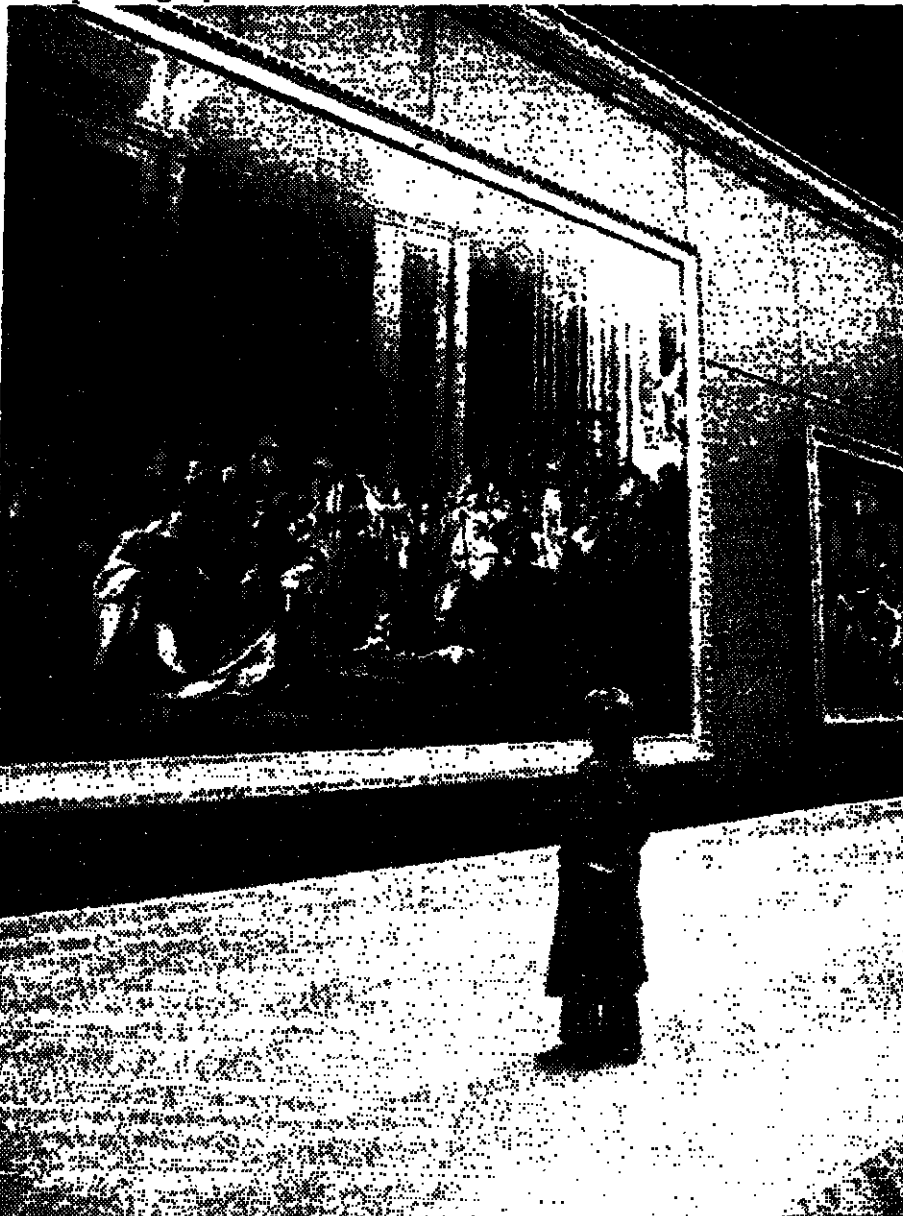
United Press International

**PARIS** — Tens of thousands took part Sunday in a peace march here. Participating groups estimated the crowd at 200,000.

The ruling Socialist Party refused to endorse the march. It was led by 100 prominent personalities in the arts, sciences and politics, and supported mainly by Communist-led unions, the Communist Party and other leftist groups.

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with dollars, not local currency, when you get your next home or office phone bill.

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Save nights & weekends. Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable. Now you have the whole picture.





Roberto Calvi

## Italian Linked To Bank Plot Found Dead

**LONDON** — The body of Italian banker Roberto Calvi has been found hanging from a bridge over the River Thames, police have disclosed.

Mr. Calvi, 61, was chairman of the Banco Ambrosiano, one of Italy's largest private banks. A spokesman for London police said Sunday his body was discovered Friday by a passer-by on Blackfriars Bridge over the River Thames, adjacent to London's financial district.

Italian state radio, in a report from London, said there was speculation that Mr. Calvi had been strangled before being taken to the bridge and hung by a rope. The police spokesman, however, would not say whether investigators thought the death a murder or suicide.

Mr. Calvi allegedly was a member of the secret Masonic Lodge known as *Propaganda Due* — uncovered in May, 1981 — whose members are said to have plotted the establishment of an authoritarian regime in Italy and engaged in including bribery, tax evasion and shady currency and stock deals.

When a list including cabinet ministers, politicians, judges, journalists, police, military men and Mr. Calvi was found in a suitcase at the country villa of the lodge's self-styled "grand master," the police brought down the government of Premier Arnaldo Forlani.

On July 20, Mr. Calvi was convicted of illegally exporting \$26.4 million from Italy and was sentenced to four years in jail and fined 16.5 billion lire (\$12 million). During the trial, he took 90 sleeping pills and slashed his wrists.

On May 31, Banca d'Italia, the Italian central bank, asked Mr. Calvi's bank to account for \$1.4 billion in debt and interest charges incurred by four subsidiaries since 1978.

Mr. Calvi vanished from Milan 10 days later.

**Plea Is Entered For Ex-CIA Agent In Terrorism Case**

**WASHINGTON** — A U.S. district judge entered a plea of not guilty for Edwin P. Wilson after the former intelligence agent declined to plead guilty or not guilty to charges of illegally aiding Libyan terrorists.

Judge John H. Pratt entered the plea Friday after rejecting a request by Mr. Wilson's attorney, John A. Kenna, that the arraignment be postponed for a week to give him time to examine the circumstances of Mr. Wilson's arrest June 15.

Mr. Wilson was arrested in New York after arriving from the Dominican Republic. He had traveled there from Libya, apparently in the false belief that he would be given a safe haven. The Dominican authorities, alerted by the U.S. authorities to Mr. Wilson's travel plans, placed him on a flight to New York after determining that he was traveling under an assumed name on a false Irish passport.

After refusing to delay the hearing, Judge Pratt called Mr. Wilson before the bench and instructed him to enter a plea on charges including the illegal shipment of explosives to Libya, conspiracy to commit murder and the illegal export of military articles. Mr. Wilson declined to enter a plea. Judge Pratt then entered a plea of not guilty on his behalf.

Mr. Wilson and Frank E. Terpil, another former U.S. intelligence agent, were first indicted in April, 1980, on charges stemming from their association with Libya. The indictment was superseded by a new one in August. According to the Justice Department, Mr. Wilson and Mr. Terpil signed a deal in 1976 with Col. Moamer Qadhafi, the leader of Libya, to sell their expertise in intelligence and military matters to Libya and to aid in the establishment of a terrorist training program.

## Mauritius Revives Issues of Sovereignty of Diego Garcia, Future of Island Refugees

By Joseph Lelyveld  
New York Times Service

**PORT LOUIS, Mauritius** — As far as the Defense Department in Washington is concerned, the costly military staging area it has built in the Indian Ocean on the tiny island of Diego Garcia is held under an irrevocable lease that will not expire until 2025.

As far as the new leftist government in Mauritius is in the June 12 election is concerned, Diego Garcia ought to be recognized as Mauritian territory.

The new foreign minister, Jean-Claude de l'Estrac, said as the landslide results poured in that Mauritius would soon seek to open talks on the subject. It is possible that the United States will step off on the ground that it is only the

tenant and cannot speak for the landlord.

The landlord is Britain, which once administered Mauritius and Diego Garcia, about 1,200 miles away in the Chagos archipelago, as if they were parts of a single territory.

Diego Garcia, which is only 11 square miles even with its runways for B-52 bombers extended over the water, was the archipelago's main populated island in the colonial period, when its economy was apparently limited to a single coconut plantation.

The laborers have served to keep the question of Diego Garcia alive on Mauritius. Nearly all of them moved to Mauritius between the time the coconut plantation failed and the first construction crews arrived to pave the island for the U.S. Air Force.

Known as Les Ilois, the Islanders, in the Creole dialect that is the closest thing to a common language in this polyglot nation, they have been in Mauritius for a decade, living in overcrowded shanties of corrugated iron near the harbor, where they compete for part-time employment.

On an island where joblessness is so prevalent that there is even a union of unemployed college graduates, few of the Ilois have managed to secure a steady income. Their only real economic asset is their refugee status.

British diplomats make the point that none of the inhabitants of Diego Garcia was forcibly relocated to Mauritius to make way for the base and that the failure of the coconut plantation was the main cause of expatriation.

The Ilois say that is not the whole story. Louis Onazime, 56, said he managed to eke out a living in fishing and coconuts for six years after the plantation failed. He moved to Mauritius in 1972 after the British stopped bringing in food and medical supplies by ship.

In what might be construed as tacit acknowledgment that they had something to do with the plight of the Ilois after all, the British have sought three times to arrange a "full and final" financial settlement.

Two years ago, in an attempt to soothe Mauritian sensitivities, Prime Minister Margaret Thatcher made a vague commitment in the House of Commons that the Chagos archipelago would be handed over to Mauritius when there was no longer a threat to peace —

meaning, it seemed, in the next century after the U.S. lease ran out. But the question of the Ilois was never quite closed.

The first "final" settlement was in 1972, when the British government turned over to Mauritius about \$1.5 million for the welfare of 420 families — about 1,600 people — who were known to have remained on Diego Garcia after the plantation closed.

Six years later, after Mauritian political groups started campaigning on behalf of the Ilois, it was discovered that the government had sat on the funds and the refugees had received nothing. It was also discovered that the number of those proclaiming themselves Ilois had more than doubled, to 942 families.

Soon after the first funds were distributed, the British found it

advisable to offer a second settlement of more than \$3 million. Last year, they raised the offer again. They proposed a \$7.25-million trust fund for the Ilois as long as the Mauritian government contributed \$2.8 million worth of land for settling the families.

No one, least of all Britain, has advanced the argument made on behalf of the Falkland Islanders that the Ilois, who now number 4,000, have a right to remain under British rule if that is their wish.

**International Organizations**

Agreement on the new offer was worked out in negotiations in London with representatives of the former government of Sir Seewoosagar Ramgoolam, of the dominant party in the new Cabinet, the Mauritian Militant Movement, and of the Ilois themselves.

Paul Berenger, who is considered the driving force in the winning party, said on the eve of the election that the movement would pass the necessary legislation for the agreement as one of its first acts in power — as long as it was

understood that Mauritius was not relinquishing its claim to Diego Garcia.

The movement, which says it is closely linked to the French Socialist Party, promised in its election campaign to keep the United States and the Soviet Union at arm's length. It vowed to stop letting the superpowers use the harbor for warships.

At the moment, the one tangible connection between Diego Garcia and Mauritius is the biweekly flight of a U.S. C-141 carrying some of the 330 Mauritian laborers employed at the base under contracts signed by the former government. The new government has pledged to end the flights as well as the contracts when they expire in March.

It is difficult to get a direct answer from the Ilois on the question of whether they really want to return to Diego Garcia. The usual answer is that they would rather be there than in Mauritius. The second answer is that they would prefer to stay in Mauritius if they could achieve some security.

## China's Laissez-Faire Ethnic Policy Succeeds in Yunnan

By Christopher S. Wren  
New York Times Service

**JINGHONG, China** — The mountain men of the Wa ethnic minority had a custom that upset their neighbors. They would grab some hapless victim and ritually chop off his head to ensure a plentiful harvest of rice.

Not only was it barbarous, the Chinese authorities decided, but it was also obstructing the building of Communism in this remote corner of China where Laos and Burma converge.

A dozen ethnic minorities now coexist with the Chinese in Xishuangbanna, a subtropical region of highland valleys astride the upper Mekong River, with lush vegetation and fog-shrouded mountains. The Dai predominate, with 210,000 people. Their gracefulness and docility have made them perhaps China's model minority.

There are also 100,000 Hani, who until 1956 used to discard newly born twins or babies with birth defects by throwing them in the fire. There are hundreds of Kucong, who until a few years ago wore animal skins and slept by open fires without permanent homes.

Deep in the forests that make up half of Xishuangbanna dwell people yet undefined, who coexist with the elephants, tigers, golden-haired monkeys and peacocks that retreated as civilization intruded upon the river valleys.

The 55 ethnic minorities officially recognized in China account for only 6 percent of its population, but this is 60 million people, larger than the populations of either Britain or France. Their significance exceeds their numbers, for many of them inhabit China's border regions with the Soviet Union, Mongolia and Indochina.

**Separate But Equal**

The officials who prevailed during the Cultural Revolution tried to assimilate the minorities into the Chinese majority, or Han, as the ethnic Chinese call themselves, by suppressing ethnic traditions, folklore and dress. Today Peking has adopted a more conciliatory separate-but-equal strategy of encouraging ethnic diversity while still demanding adherence to a vision of harmony in which the Han are elder brothers.

The government now warns against "Han chauvinism" as well as local nationalism and has introduced improved medical care and education, to the extent of enrolling minority students in universities and technical schools under a quota system that admits them with lower grades than Han Chinese.

Some tensions have persisted, however. Last year there were reports of clashes between indigenous Uighurs and Han Chinese in the Xinjiang Uighur Autonomous Region. Earlier this year in Inner Mongolia, another autonomous region, a radio broadcast alluded to social unrest believed caused by frictions between ethnic Mongolians and Chinese.

Though the Communists took power in China in 1949, the Nationalist armies were not driven across the border into Burma from Xishuangbanna, a theoretically self-administering district, until a year later, and skirmishes with "bandit" remnants continued into the mid-1950s. Mao communized China's farmers in 1958, but it took 11 years for the process to be completed in Xishuangbanna.

**Improved Relations**

Here in Yunnan province, which includes the Xishuangbanna district, a purge of officials has substantially improved minority relations once assailed in the press as disastrous.

The Chinese Army has built roads that cling precariously to the dense mountains, reducing the bus trip to Kunming to only four days. Electricity has reached many villages, which now reverberate to the music of radios and cassette recorders. Bicycles have been introduced for tribesmen to tote their produce to market.

The stability of this border province is important, for a third of Yunnan's 30 million inhabitants are non-Han, representing 22 ethnic groups. They are primarily Bai, Dai and Yi but also include Moslems and even Tibetans. In Yunnan's southernmost pocket of Xishuangbanna, the members of 12 ethnic minorities outnumber the 210,000 Chinese residents 2 to 1.

The Chinese can view their minorities patronizingly through a quaint Marxist prism. Huang Guoyi, an official with the Nationality Affairs Commission in the provincial capital of Kunming, observed that the Wa, while being headhunters, also displayed commendable proletarian traits like working together and sharing their harvest.

The Yi were clearly more advanced, but they had to shake off the feudal practice of owning slaves. The Jingpo were harder to characterize ideologically. Mr. Huang said, because while the chief exploited the villagers he also worked beside them in the fields.

**A Model Minority**

A delegation was sent to approach the Wa — carefully — and ask them to try chopping off a cow's head instead. The Wa evidently found this worked, too, because officials here have not heard of another human sacrifice since 1955.

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## Crowded Hong Kong Facing Burial Problem

By Michael Weisskopf  
Washington Post Service

**HONG KONG** — This tiny island is so crowded that even finding a place for the dead has become a problem.

Living in Hong Kong, with its population of 5 million, is a constant battle for elbow room. The poor live like boxed matchsticks, the middle class is not much better off, and the rich face monthly rents of \$6,000 for a three-bedroom apartment.

**Logistical Problems**

But logistical problems have kept all but 95 coffins from crossing the border in the past three years. Transportation is the main obstacle, there being no direct route to the Chinese cemetery. Travel to China for Hong Kong residents also presents problems because of the complicated visa procedures.

Despite these difficulties, China may provide the best long-term solution for disposing of Hong Kong's dead aside from cremation, according to officials here.

**Before the Communists took control of China in 1949** and banned use of productive land for graves, thousands of Chinese who had died abroad — businessmen from Southeast Asia and railway workers from the United States, for example — were sent back every year for burial in their "old home."

The bodies went first to a Hong Kong institution called Coffin House, which stored the coffins until they were ready for shipment to the mainland.

**Coffin House, which is run by a Hong Kong hospital, still functions today in a reduced capacity.** It collects the few caskets destined for the new Chinese burial ground across the border.

**Crash Kills 28 in Pakistan**

**ISLAMABAD, Pakistan** — A crowded bus missed a curve and fell into a ravine Saturday near Jhelum, killing 28 and injuring 33, police said.

**Two public burial places** are accepting coffins for relatively short stays only. They use something called an "exhumation cycle" which requires that the dead be dug up after six years to make way for others. The burial fee is just \$40, but the exhumation charge is \$350.

The Hong Kong government, which maintains strict control over land use, refuses to apportion more territory to the dead. Instead it encourages cremations by offering to do the job for as little as \$20.

But cremation is unpopular with Hong Kong's traditional Chinese, for whom ancestral worship is still an important tenet.

**Columbaria Built**

So the government of this British colony is making it possible to cremate relatives and bury them too. All over the island high-rise structures called columbaria are being built to store ashes in 9-by-9 inch (22.9-by-22.9 centimeters) vaults that can be visited like graves.

Columbaria are really multistory walls into which the vaults are inserted. Each niche is covered by a plaque bearing the picture, name and date of death of the deceased.

**An individual niche costs \$150**, while a family-sized vault big enough for the ashes of four persons goes for about twice that amount. One new, 10-story structure has room for the remains of 20,000 persons.

For Hong Kong residents who insist on a traditional cemetery but cannot afford the price, there is an

**alternative.** A few private graveyards have developed "urn cemeteries" offering tiny plots for permanent burial of ashes or bones with just enough space for a small gravestone.

But land for urn burial has nearly been exhausted and may soon face new regulations requiring six-year burial rotation.

Then there is the China option. Eager for foreign exchange, Communist authorities have agreed to inter Hong Kong's dead in a dusty border town about an hour's train ride away. The price is \$2,500 and it must be paid in Hong Kong currency.

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*Los Angeles Times Syndicate.*



# John Cheever, 70, U.S. Novelist And Pulitzer Prize Winner, Dies

By Michiko Kakutani  
New York Times Service

NEW YORK — John Cheever, 70, whose poised, elegant prose established him as one of America's finest storytellers, died of cancer Friday at his home in Ossining, N.Y. Long regarded by critics as a kind of American Chekhov, Mr. Cheever possessed the ability to find spiritual resonance in the seemingly inconsequential events of daily life.

In four novels, "The Wapshot Chronicle," "The Wapshot Scandal," "Bullet Park" and "Falconer," and more than 100 short stories, he chronicled both the delights and dissonances of contemporary life with beauty and compassion.

He had received a Pulitzer Prize, a National Book Award, a National Book Critics Circle Award and the Edward MacDowell Medal. In April he received the National Medal for Literature in recognition of his "distinguished and continuing contribution to American letters."

not so much by how his characters lived as by what they remembered. Raised on "the boarding-school virtues: courage, good sportsmanship, chastity and honor," they usually tried to be decent, but they more often than not ended up succumbing to such suburban sins as alcoholism and adultery.

Strange events had a way of intruding into Mr. Cheever's naturalistic landscapes, imbuing the most ordinary events with a kind of mortal peril. A woman pours lighter fluid instead of oil and vinegar on the salad greens. A man is ripped to shreds by his own dogs.

Two of his most widely anthologized stories depicted such happenings. In "The Enormous Radio," a broken radio broadcasts the sad secrets of apartment dwellers around the building, and in "The Swimmer," a man swims home by way of the swimming pools of his neighbors, only to find his own house empty, his family vanished.

Born May 27, 1912, in Quincy, Mass., just outside Boston, Mr. Cheever was the second son of a family of shipbuilders.

Calvin played no part at all in my religious education," he wrote later, "but his presence seemed to abide in the barns of my childhood and to have left me with some undue bitterness."

Unhappy Family Life

They were not a happy family, the Cheevers. His father, Frederick Lincoln Cheever, was left virtually bankrupt by the stock market crash of 1929 and soon after moved away, leaving his wife, Mary, to support the family with a gift shop. It was an arrangement the young Cheever found deeply embarrassing.

Not particularly excited by the prospect of attending Harvard, the 17-year-old Cheever engineered his expulsion from Thayer Academy for smoking. He promptly wrote up the experience, sold the story to Malcolm Cowley at The New Republic and moved to New York to write.

At the age of 23, he sold his first story to The New Yorker, and he soon became a regular contributor.

Although Mr. Cheever consistently maintained that "fiction is not crypto-autobiography," he conceded that his first novel, "The Wapshot Chronicle," was "a posthumous attempt to make peace with my father's ghosts."

He refrained from publishing it until his father died in 1957. The book told of the decline in fortunes, both material and spiritual, of a New England family remarkably similar to his own. The novel won a National Book Award in 1958.

In 1964, he completed "The Wapshot Scandal," which followed the second generation of Wapshots



John Cheever

ing from Marxist philosophy and his five years of membership in the American Communist Party. A graduate of Harvard University, he joined the party in 1934. He became literary editor of New Masses magazine and was a leading cultural figure in the party during the Depression.

As his first important work, Mr. Hicks wrote a critique of post-Civil War American literature in 1935 using a Marxist point of view. The controversy stirred by the book resulted in his dismissal from his teaching post at the Rensselaer Polytechnic Institute in Troy, N.Y.

In 1938 he was appointed a counselor in American civilization at Harvard and again his status became the target of attack from the Grand Army of the Republic, the Veterans of Foreign Wars, Massachusetts public officials and university trustees, who resented the fact that Harvard chose a known Communist to teach there.

He wrote the first biography of the journalist John Reed, the author of "Ten Days That Shook The World," the biography describes Mr. Reed's experiences in Moscow during the Russian Revolution. He resigned from the Communist Party in 1939 after the Soviet Union signed a nonaggression pact with Nazi Germany.

In 1942, Mr. Hicks published his novel, "Only One Storm," hailed by critics as the best novel of the year.

Robert Kaminer Bingham  
DOBBS FERRY, N.Y. (AP) — Robert Kaminer Bingham, 57, an editor of The New Yorker for 18 years, died of a brain tumor Friday at his home.

Mr. Bingham had been executive editor of The New Yorker for 10 years and associate editor for eight years before that.

William Shawn, the magazine's editor, called Mr. Bingham "a brilliant editor, one of the finest I have ever known." Before coming to The New Yorker, Mr. Bingham had been a managing editor for The Reporter and a staff member of Time magazine.

Granville Hicks  
Compiled by Our Staff From Dispatches  
FRANKLIN PARK, N.J. — Granville Hicks, 80, teacher, author, critic and once a leading American Communist intellectual who quit the party at the outset of World War II, died Friday after a series of strokes.

Mr. Hicks often found himself embroiled in controversy stem-

## U.S. May Get Vietnamese in Prison Camps

Reagan Aide Estimates 100,000 Are Involved

United Press International  
SINGAPORE — The Reagan administration is seeking the release of up to 100,000 Vietnamese being held in "re-education camps" for possible emigration to the United States, according to Deputy Secretary of State Walter J. Stoessel Jr.

He said Saturday that the United States was working with the United Nations High Commissioner for Refugees in a response to an offer made by Foreign Minister Nguyen Co Thach of Vietnam in an interview with an American radio station last week.

If Vietnam agrees to release the prisoners, Mr. Stoessel said, their immigration status would be examined on a case-by-case basis. He said the number of prisoners could be up to 100,000, but he was not sure anyone really knows.

The United States last year accepted nearly 700,000 refugees from throughout the world.

Support for Cambodia  
Mr. Stoessel was in Singapore to meet with foreign ministers of the five-nation Association of South-east Asian Nations.

He also said the United States was considering providing military support, not including military supplies, to Cambodian rebels opposing Vietnam's occupation of Cambodia.

However, the future of the coalition of guerrilla groups fighting to drive 150,000 Vietnamese troops from Cambodia was in doubt a day after its formation was announced.

Diplomatic sources in Bangkok said a malaria attack may stop the leader of the Khmer Rouge, Khieu Samphan, from attending the signing of an alliance with two other Cambodian resistance groups.

A Western analyst said even a short delay in the meeting of three anti-Vietnamese Cambodian leaders due to start Monday in Kuala Lumpur, Malaysia, could lead to the collapse of the coalition.

## 3 Cities' Bids for Fairs Get Tentative Approval

The Associated Press  
PARIS — The executive committee of the International Bureau of Expositions has given provisional approval to applications to hold a world's fair in Paris in 1989 and in Chicago and Seville, Spain, in 1992.

The decision was announced Friday. Under bureau rules, no multitheme international world's fair can be held within 10 years of the previous one.

## Vietnam Begins Diplomatic Effort To End Stalemate Over Cambodia

By Colin Campbell  
New York Times Service

BANGKOK — In the three and a half years since Vietnam invaded Cambodia, a stalemate has developed between Hanoi and most other governments around the world, which have refused to accept the invasion's legitimacy or results.

Vietnam, which has as many as 200,000 troops in Cambodia, maintains a government in Phnom Penh. It says it liberated the country from the rule of Pol Pot, whose regime has been blamed for killing thousands of people. It defends its occupation as a necessary defense against China, and often terms its action "irreversible."

With China's aid, however, Mr. Pol Pot's Khmer Rouge still oppose the Vietnamese from strongholds near the Thai border. The United Nations continues to seat the Khmer Rouge representative in the General Assembly. An international conference on Cambodia has demanded that Vietnam withdraw its troops and let the United Nations supervise a Cambodian election. And since 1979, Vietnam's critics — including the United States, much of Western Europe, Japan and the Association of South East Asian Nations — have denied it the economic aid that it wants.

Recently, international pressure, threats, frustration and diplomatic initiatives have shown signs of causing movement in Cambodia. One of the most closely watched of these developments has been the evidence that Vietnam is starting a full-scale diplomatic initiative designed to advance its view on the Cambodian question.

Thach Tour Welcomed  
That the initiative has made a mark became evident last week, when most of the ASEAN foreign ministers said they welcomed a proposed tour of non-Communist Southeast Asian nations later this summer by Vietnam's foreign minister, Nguyen Co Thach.

Whether that announcement in turn prodded the three major factions of anti-Vietnamese Cambodians to talk of uniting is not certain. Diplomats in Bangkok, however, have said that after a year of effort, a formal coalition has been arranged among Cambodia's former chief of state, Prince Norodom Sihanouk; his former premier, Son Sann, who commands a few thousand Cambodian rebel fighters; and the Khmer Rouge, which has as many as 30,000 troops.

Mr. Son Sann, who leads the Khmer People's National Liberation Front, arrived Sunday in Kuala Lumpur, apparently to sign the coalition agreement, Reuters reported. He made a statement on his arrival. Prince Sihanouk and

Khmer Rouge leader Khieu Samphan are due to arrive Monday in Kuala Lumpur.

Since last fall, Vietnamese officials have argued that Vietnam is now sincerely interested in peace and that Hanoi remains its own master despite its military and economic dependence upon the Soviet Union.

Vietnam has consistently asserted that it wants to withdraw its troops from Cambodia but that it has not done so out of fear that the Chinese would reinstate Mr. Pol Pot.

And Hanoi has been saying that it needs Western economic aid.

Late last year, President Francois Mitterrand of France indicated that \$23 million in frozen French credits would be given to Vietnam despite France's opposition to Vietnam's presence in Cambodia.

In February, Indochina's foreign ministers, meeting in Laos, issued a statement suggesting that Thailand might help reduce the tension caused by the presence of warring troops on its border with Cambodia. Thailand replied that it had no interest in dealing on strictly bilateral terms with Vietnam.

In April, Mr. Thach visited West Germany, France, Sweden and Belgium, all of which have provided economic aid to Vietnam but none of which approve of its Cambodian policy. Chinese and most Western diplomats later called the visit a failure, since Mr. Thach came away with no new financial commitments. Mr. Thach, however, said that the Europeans understood better than before Vietnam's position on Cambodia.

Last month, Mr. Thach briefed Western ambassadors in Hanoi on his European trip and outlined a three-stage plan for peace in Cambodia.

In the first stage, he said, Hanoi would unconditionally withdraw some troops. The soldiers wanted

badly to go home, he said, and some had deserted.

Mr. Thach's second stage, according to a diplomat in attendance, was that Thailand must declare that it no longer supports Mr. Pol Pot. The diplomat believed that Mr. Thach had slightly moderated an earlier insistence that Thailand must prevent Chinese arms from reaching the Khmer Rouge across Thai territory.

In the third stage, after China has publicly promised to respect the independence of Indochina, Vietnam would withdraw all its troops.

China Backs Coalition  
PEKING (Reuters) — China expressed support Saturday for the reported plans by the three anti-Vietnamese groups in Cambodia to form a coalition government.

A Foreign Ministry spokesman said, "It is a good thing that after making efforts they have reached agreement on the joint declaration. We express our support and hope that on this basis the three Kampuchean forces will achieve unity through earnest consultations so as to strengthen their struggle of resistance against Vietnam."

China supports the Khmer Rouge but maintains cordial relations with Prince Sihanouk.

Vietnam Denounces ASEAN  
BANGKOK (Reuters) — Vietnam on Saturday denounced efforts by ASEAN to promote the coalition.

The Vietnamese news agency, monitored in Bangkok, quoted the official daily Nhan Dan as saying that foreign ministers of ASEAN, which groups Thailand, Singapore, Malaysia, the Philippines and Indonesia, had not changed their erroneous stand on Cambodia during their three-day meeting last week in Singapore.

## Processing of U.S. Passports Delayed By a Record Number of Applications

New York Times Service

WASHINGTON — Passport applications piling up at a record rate have created unusual delays in processing this spring.

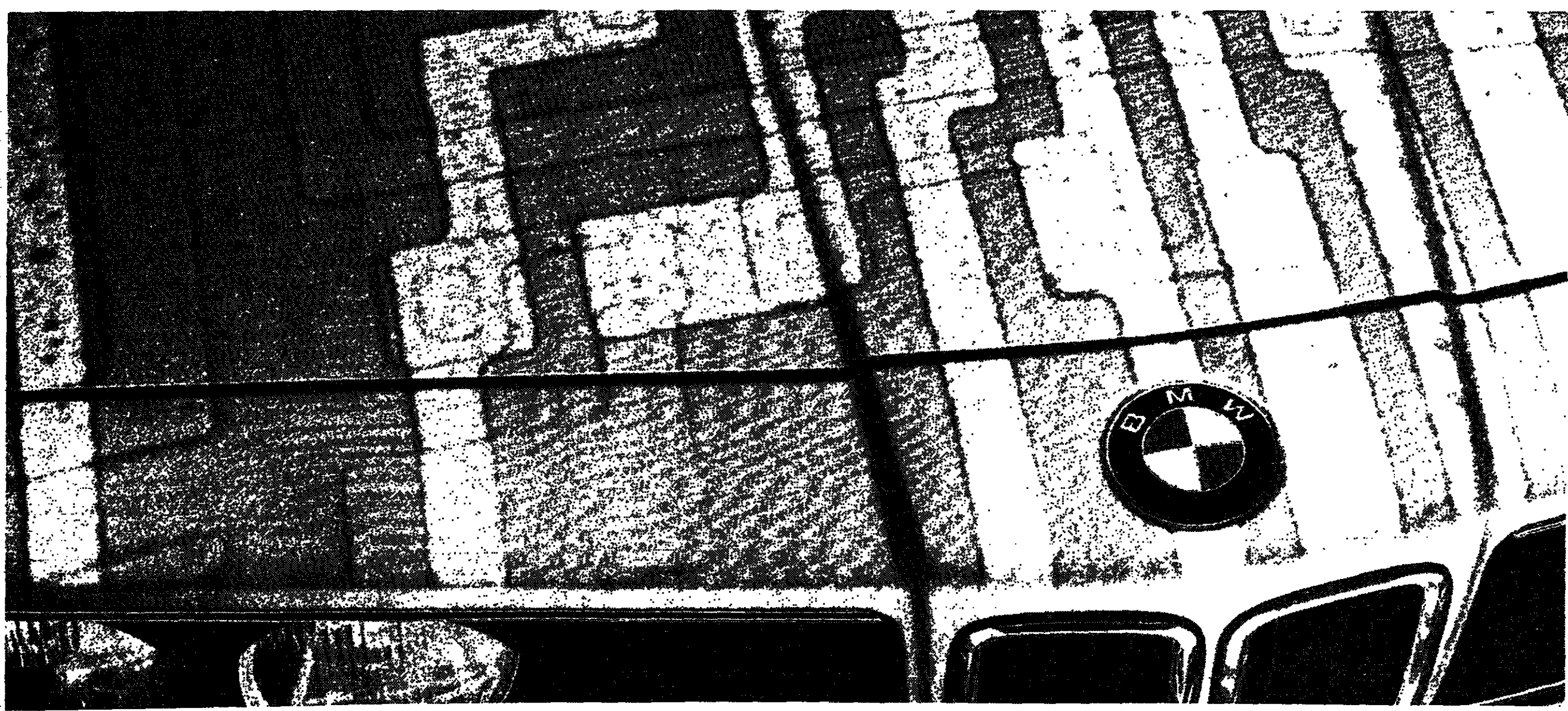
In some areas, travelers have reported waiting more than two months for new passports. Although the Passport Office says only a few travelers will be forced to delay or cancel summer trips because of the backlog, the agency has recommended that people apply early for passports.

The average wait varies in different parts of the country. While the processing of an application in Honolulu reportedly takes only three days, the New York office of the Passport Office told travelers

Friday they would have to wait four weeks for new passports.

A strengthened U.S. dollar has prompted a surge in travel outside the United States this year. That and computer troubles have caused the delays, according to Cindy Fox of the State Department.

The Passport Office predicts this will be a record year for applications. The previous record was set in the 12-month period ended Sept. 30, 1978, when 3.23 million passports were issued. Nearly 2.28 million passports have been issued since October, and the Passport Office says it is now running about 8 percent ahead of the pace set in the record year.



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region with its limited natural resources lies in exploiting fully our wide-ranging ability to explore, to discover and to invent. In other words, in the creativity of our people.

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(Continued on Page 10)

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## Hungary To Obtain A Credit

By Carl Gewirtz  
International Herald Tribune  
PARIS — Manufacturers Hanover Trust has begun sounding the market for a loan of at least \$200 million for Hungary — the first syndicated loan for an East-bloc country since martial law was declared in Poland late last year.

The Hungarian economy is regarded by Western academics as the best managed in Eastern Europe. But its access to Western credit virtually dried up as a result of the financial difficulties of Poland and Romania as well as the general tensing of East-West relations, prompting Western governments to make a public demonstration of their support as a signal to commercial banks to rethink their lending policies.

The Bank for International Settlements' president, Fritz Leutwiler, disclosed last week that 13 central banks — representing virtually all West European countries plus Japan — had granted Hungary a loan of \$210 million, that Switzerland had provided a similar amount, which he did not specify, and that the BIS itself had provided \$300 million.

The BIS operation was news. Commercial bankers had been expecting a total package of some \$500 million in official loans and had been awaiting its completion before attempting to start their own. The entire package of official loans is seen as a means of allowing Hungary to meet its foreign exchange needs until it can begin negotiations from the International Monetary Fund, probably in the autumn.

The commercial loan being organized by Manufacturers Hanover will be for three years — a far cry from the seven-year maturity Hungary was able to command when it last tapped the Euromarket, in March, 1981. How much Hungary will be asked to pay for the loan will emerge after the lending syndicate has been formed. It is expected to be around 10 percent over the London interbank rate; now it is assumed that Hungary would pay at least 14 percent over Libor.

**U.S. Banker's Initiative**  
A striking feature of this operation is that it is a U.S. bank taking the initiative while the United States itself was notably absent from the list of countries providing official support. Commercial bankers, of course, have long maintained that their lending policies are based on banking principles and not politics.

The loan will be a "club" deal. Banks are invited to underwrite \$20 million each and, under present plans, there will be no attempt to syndicate this to a wider group of banks. If other banks are interested, the total could be increased. To facilitate marketing of the loan, Hungary has provided banks with up-to-date financial and economic data showing that Hungary expects to report a balance-of-payments surplus this year exceeding the cost of servicing its foreign debt. One banker, who refused to discuss the confidential data in detail, said, "The figures look reasonable."

The other major talking point of the Euromarket currently is Latin America. The very poor performance of the \$2.5-billion loan for Mexico has scared some bankers, who now warn that Mexico will not be able to raise another \$10 billion this year and that the only way out will be a rescheduling. Despite the terms on the Mexican loan, which were widely hailed as realistic and what the market was asking for, a mere \$176 million was raised in general syndication. Another \$180 million was raised from second-tier syndication, but that includes \$100 million from Mexican banks.

Bankers are starting to talk about the dominance of Latin America, with Argentina the first to reschedule followed by Mexico and then others. While Brazil is regarded as out of the woods, a \$300-million, eight-year loan for Electrobras attracted only 10 percent of the funds sought despite the very high 24-point margin over Libor and the generous 14 1/2-percent front-end fee.

Peru also has agreed to sharply higher terms to raise new funds. A \$350-million loan the country is seeking is divided into \$87.5 billion for two years with interest set at 1 point over Libor or 3/4 point over the prime rate and \$262.5 million for six years, with interest at 1 1/2 points over Libor or 1 1/4 points over the prime rate. Fees on the short loan range from 1/4 to 3/4 percent and on the longer loan from 3/4 to 1 percent. Less than a year ago, Peru was paying 3/4 over Libor to borrow funds.

In Europe, France's Crédit National has borrowed \$600 million for eight years. The loan consists of two elements: one priced over Libor, with a 3/4 point margin, and the other over the prime rate. Banks are obliged to take 55 percent in Libor and 45 percent in prime.

The interest on the prime portion is the higher of Chase Manhattan's prime rate plus 10 basis points (100 equals a percentage point) or 25 basis points over the adjusted rate for 90-day certificates of deposit.

Credit National has guaranteed (Continued on Page 11, Col. 1)

## Gerald Tsai's Dream:

**1952**  
Gerald Tsai, at age 23, joins the Boston-based Fidelity Management and Research Company as a security analyst with the Fidelity Group of Mutual Funds. He becomes manager of the funds six years later and makes a splash by bringing returns as high as 50 percent a year.

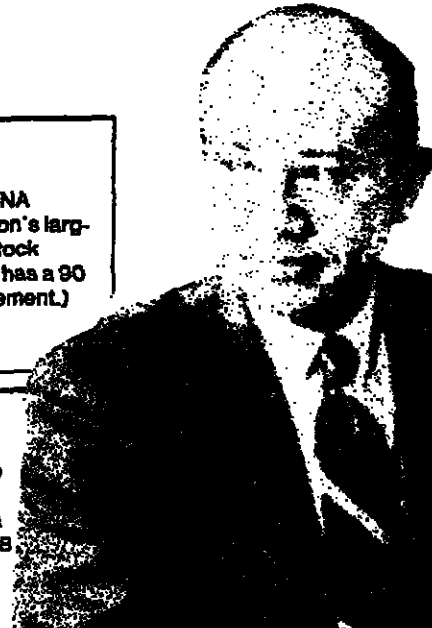
**1973**  
He leaves CNA Financial after selling his stock in the company to form G. Tsai & Company, an institutional brokerage firm with offices in New York, Los Angeles and Boston.

**1965**  
He leaves Fidelity and sells his shares back to the company for \$2.2 million. Taking some of the proceeds, he forms Tsai Management and Research, an investment adviser and mutual fund manager. But his success disappears and value of funds begins to decline.

**1976**  
Mr. Tsai buys controlling interest in Associated Madison Companies, a financial-services holding company for \$2.2 million, and becomes chairman and chief executive officer.

**1968**  
He sells Tsai Management to CNA Financial Corp., one of the nation's largest insurance companies, for stock valued at \$30 million. (Mr. Tsai has a 90 percent interest in Tsai Management.)

**1982**  
He sells Associated Madison to American Can in April for \$69,613 American shares, or a 3.5 percent stake, valued at \$18 million. He becomes a director and executive vice president of American Can.



The New York Times

## Tin Nations Agree To Form a Group

KUALA LUMPUR, Malaysia — Malaysia, the world's largest tin producer, confirmed Sunday that it would take part in a new tin agreement with consumers but said it would also form an association with two other leading exporters, Indonesia and Thailand, to protect their interests.

It was unclear how the association would operate, but officials said its functions would include joint marketing.

Malaysia's prime minister, Datuk Seri Mahathir bin Mohamed, announced the formation of the association Sunday after talks in Kuala Lumpur with representatives of Indonesia and Thailand. Industry sources said the association plan appeared to be Kuala Lumpur's condition for remaining in the new International Tin Agreement, which Thailand and Indonesia support.

**Price at 5-Year Low**  
Uncertainty over the future of the ITA, which expires on June 30, along with reports that Malaysia would try to persuade Indonesia and Thailand to pull out of the accord and form a producer association instead, helped push the price of tin last week to its lowest level in five years on the London tin market.

The London Metal Exchange quotation ended the week with a decline of \$455 (\$790) to \$5,745 a metric ton, despite a rise of \$15 on Friday.

The sixth International Tin Agreement was due to come into effect on July 1, but a United Nations conference in Geneva on the agreement was adjourned earlier this month because Malaysia was unable to say whether it would take part.

The conference reconvenes Wednesday, and industry sources said the participation of the three leading producers — which account for more than 65 percent of the world's tin exports — was likely to bring the agreement into provisional force, although nearly half the consuming states have refused to join.

**U.S. Stays Out**  
The new tin agreement, like the one expiring on June 30, is aimed at stabilizing prices through sales and purchases of the metal designed to keep the price within certain limits.

The refusal of the United States and the Soviet Union to join has kept consumer-nation backing below the 65 percent required to put it into automatic operation.

Malaysia, although it had signed and ratified the new agreement, reportedly felt that tin producers would be at a strong disadvantage if they joined the sixth ITA because their actions would be constrained by its provisions, while the biggest consuming countries, particularly the United States, with its huge tin stockpile, would not be tied down by any restrictions.

**Mystery Buyer**  
Failure of the new agreement would have depressed prices further because the International Tin Council, which administers the accord, would have had to dispose of substantial holdings in its buffer stock, industry sources said.

The buffer stock manager has been forced to buy heavily since the sudden departure from the market early this year of a mystery buyer, widely believed to represent producer interests, whose massive purchases had pushed prices up to record levels.

Mr. Mahathir said Sunday that the producing countries needed their own association, whose functions would include research and development as well as marketing, because they believed the sixth ITA would not be effective in protecting their interests.

Malaysia, Indonesia and Thailand agreed last month to form such a group, possibly including other producers, only if the sixth ITA did not materialize.

Details on the organization of producers' group will be announced at press conferences in the three countries' capitals Tuesday, on the eve of the Geneva meeting, official sources said.

## Ex-Stock Wizard Builds a 'Financial Department Store'

By Leslie Wayne  
New York Times Service  
NEW YORK — In the 1960s, the days of soaring stocks and rampant market fever, there was no bigger name on Wall Street than Gerald Tsai, the Shanghai-born stock picker who dazzled investors by doubling their money in a year.

All good things come to an end, however, and they did for Mr. Tsai in 1968, when the five mutual funds he managed — the most noted was the Manhattan Fund — entered a bear market. Their values plunged, and so did Mr. Tsai's reputation for financial wizardry.

But Mr. Tsai walked away from that debacle about \$30 million richer — the profit from the sale of his mutual fund management company to CNA Financial of Chicago.

In the years since, his public visibility has receded, but his riches have increased. Today, at 53, he is an executive vice president and the largest shareholder of American Can, a packaging concern with annual sales of \$4.8 billion. He plans to turn the sluggish, old-line manufacturing company into a department store of financial services.

The endeavor has more than its share of skeptics. American Can, which has suffered from steadily declining earnings, has a history of ill-fated acquisitions, leading some analysts to question the wisdom of this move. And, the healthy price American Can paid to acquire Mr. Tsai — by way of buying Associated Madison, the insurance company he controlled — has caused some to wonder whether American Can or Gerald Tsai got the better deal.

"This is something that bears close watching," said George Thompson, an insurance industry analyst with E.F. Hutton. "American Can's track record is questionable when it comes to diversifying into businesses they are not entirely familiar with. But they'll probably dive in with both feet. They've been known to change their course in the past. And nothing Mr. Tsai does surprises me. He always seems to land on his feet."

**'People Don't Remember'**  
In this case, Mr. Tsai has certainly landed upright. As owner of 669,613 shares of American Can — just under 4 percent — with a market value of slightly over \$18 million, Mr. Tsai, who was recently named to the company's board, owns more of its shares than the rest of its directors combined.

As head of the American Can's financial services, Mr. Tsai will receive a yearly salary of \$248,500, plus a maximum of \$350,000 in bonuses a year.

But Mr. Tsai has always had a knack for getting the best out of a situation. "With Gerry, you don't bet the horse, you bet the jockey," said one close business associate. "You invest when Gerry invests, and you get out when he does. He starts Manhattan Fund, sells it to CNA and makes a personal fortune. He leaves CNA and buys Associated Madison and sells that for a fortune. How many times can you do that? I don't know."

There was a time when Mr. Tsai was the king of Wall Street. Glowing newspaper and magazine articles sang the praises of a man who had made his money in the stock market.

move in the prime lending rate at banks, now 16 1/2 percent, will be up, not down.

The recent decline in the price of gold, he said, is evidence that it is not a fear of inflation that is holding up interest rates, while the lack of a rally in financial markets following Thursday night's congressional compromise on a 1983 budget resolution suggests that it is not worry about the size of the budget deficit, either.

In recent testimony, Mr. Volcker has bristled at the idea of changing the board's structure.

In a letter to Rep. Henry S. Reuss, a Wisconsin Democrat and the chairman of the Joint Economic Committee, he said: "The present institutional arrangements reflect, in my view, the belief of the Congress that the public interest is

served by an institutional setting that can combine experienced judgment and regional representation in its governing bodies and continuity in expert analysis, with a certain insulation from transient political influences.

"A factor in that approach is recognition that monetary policy manipulated toward short-term or partisan purposes could have potentially adverse repercussions on our economy."

In the current study, the Treasury is also looking at specific operating procedures that might be changed in an effort to make the movement of the money supply less erratic.

Mr. Regan said, "What I am trying to do is to be ready in case I'm asked to do anything. You have these plans you can pull out

## Regan, Reviewing Monetary Policy, Weighs Curbs on Fed

Compiled by Our Staff From Dispatches  
WASHINGTON — The Reagan administration is conducting a major review of monetary policy, including consideration of proposals to restrict or remove the independence of the Federal Reserve Board, Treasury Department officials have said.

The study, under the direction of Treasury Secretary Donald T. Regan, is one of the key elements in a major review of economic policy options the administration is considering in the event that interest rates do not decline. Continued high rates would threaten the economic recovery the administration has said it expects in the second half of the year.

The policy review is being done by the Treasury, the Council of Economic Advisers and the Office of Management and Budget, the officials said. It includes a review of the policy options and changes made by previous presidents in response to economic crises and of such options as a flat-rate tax on income above a certain level.

But so far the key study is of Federal Reserve policy and structure. Already proposals for change have been submitted by members of Congress. Any change would require passage of a bill by Congress. Treasury officials said the options include making the board part of the Treasury or putting the Treasury secretary on the board, an option suggested as part of a measure submitted by Sen. Alan Cranston of California, the Democratic whip.

Beryl W. Sprinkel, under secretary of the Treasury for monetary affairs, said Saturday he expected to make recommendations to Mr. Regan "in a matter of weeks."

He said, "There is, on the one hand, an argument to keep the Fed independent to avoid the problem of an administration running away on an inflationary policy. But, on the other hand, the president is elected by all the people, and he has a right to put his policies into being and to be held accountable for them. And since we have been down here, we have not gotten the kind of monetary policy that we asked for."

Presidents and Congress have turned their ire on the Federal Reserve in past economic crises, especially when interest rates were high. Bills to restrict the board's power or impeach its chairman have been submitted in Congress but have not gone very far.

At the same time, however, the board's independence has often given a president a whipping boy to deflect some of the criticism of economic policy.

The Federal Reserve is an independent agency whose key job is trying to control the growth of the money supply. Its chairman and six governors are appointed by the president and confirmed by the Senate. The chairman has a four-year term. The current chairman, Paul A. Volcker, was appointed by President Jimmy Carter.

While the Federal Reserve has come under sharp criticism recently, its monetary policy over the past 18 months is given credit by many economists for helping bring down inflation from the double-digit pace of 1979 and 1980 to 8.9 percent last year and a projected 5 percent to 6 percent this year.

**Regan Amused**  
In the last week, as some short-term interest rates began to rise and there were new increases in the money supply, Treasury officials said Mr. Regan had become very annoyed again with what he calls the board's "erratic" enactment of monetary policy. He contends that the sharp fluctuations in the weekly money supply numbers are keeping interest rates up.

Mr. Regan said in an interview Saturday that Federal Reserve actions have led to conditions in financial markets in the last two or three weeks that indicate the next

move in the prime lending rate at banks, now 16 1/2 percent, will be up, not down.

The recent decline in the price of gold, he said, is evidence that it is not a fear of inflation that is holding up interest rates, while the lack of a rally in financial markets following Thursday night's congressional compromise on a 1983 budget resolution suggests that it is not worry about the size of the budget deficit, either.

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Mr. Regan said, "What I am trying to do is to be ready in case I'm asked to do anything. You have these plans you can pull out

## Sprint in M-1 Adds to Rate Fears

New York Times Service  
NEW YORK — The latest money supply figures have left analysts confused about the Federal Reserve's intentions and heightened fears that the prime lending rate will rise soon.

The Fed announced Friday that the basic money supply, M-1, rose \$1.4 billion in the week ended June 9. That pushed the closely watched measure higher than the Fed's short- and long-run targets.

**U.S. CREDIT MARKETS**  
Total reserves and currency have been growing fairly rapidly, and that means the Fed has been pumping more of the raw ingredients for money into the economy, said Robert J. Genetski, chief economist at Harris Bank in Chicago.

"That means we're left with the same old uncertainty about what the Fed is going to do and what it doesn't know anyone who is highly confident about where the Fed is going, and that unpredictability contributes to higher rates."

The \$1.4-billion increase in M-1 — which consists of currency in circulation, checking accounts and travelers checks — followed an increase of \$1.5 billion a week earlier and was at the high end of the range most analysts had expected.

In the credit markets, there was relatively little change in interest rates after the figures were announced late Friday afternoon. Earlier in the day, rates edged up a bit. Rates on three-month Treasury bills, for example, rose to 12.72 percent from 12.67 percent Thursday. Prices on the actively traded 14-day Treasury bonds fell to 98 1/4, for a yield of 14.24 percent, from 99 1/4, or a yield of 14.13 percent.

Friday's relative calm, however, followed a period of several weeks in which rates climbed considerably.

"The market has really gone down very fast, very sharply," noted Paul Boltz, a vice president for capital markets research at Continental Illinois Bank in Chicago. "We've had almost a rout — a disaster." He said that the price of long-term government bonds, for example, fell about seven points in just three weeks.

Mr. Boltz predicted that Friday's Fed report will not itself send rates up much further when the markets open Monday, because the market has already anticipated these figures. "Nonetheless, he expressed concern that the Fed may still feel a need to rein in the money supply at some point."

"These figures must be keenly disappointing to the Federal Open Market Committee," he said, "because with such a fragile recovery, surely they don't want to tighten monetary policy still further. But these figures make it difficult for them not to firm a bit, unless they can justify not holding to their money supply targets. But with the continued chaos on the fiscal side, the Fed is going to have even a tougher job, and that means higher interest rates."

Many analysts agree. The recent increase in short-term rates has prompted many to predict a rise in the prime rate to 17 percent from 16 1/2 percent.

Edward Yardeni, chief economist at E.F. Hutton, said the money supply surge expected in July and heavy U.S. government borrowing could push the prime to 18 percent by August. Such a rise could snuff out the expected recovery of the U.S. economy.

## CURRENCY RATES

Interbank exchange rates for June 18, excluding bank service charges.

	\$	£	D.M.	P.F.	Y.P.	Sw.	S.F.	S.P.	S.L.
Amsterdam	2.2058	4.265	118.34	37.71	11.04	6.492	5.789	22.77	51.8
Bombay	46.08	114.625	19.165	6.095	3.682	17.375	3.221	23.183	2.58
Frankfurt	2.453	4.276	—	36.84	1.778	4.715	11.52	1.684	16.71
London (to)	1.2915	—	—	11.825	2.9614	—	—	—	—
Paris	1.2915	2.9614	40.23	32.75	—	89.71	26.33	48.96	16.51
New York	—	1.7892	0.807	0.1464	0.0794	0.3869	0.0213	0.0794	0.1176
Porto	6.882	11.8135	27.28	—	0.021	25.41	14.482	30.95	38.33
Zurich	2.1165	2.4915	84.182	31.97	0.1325	78.335	4.925	—	34.97
1 SDR	1.8085	0.5569	2.5394	4.527	128.04	2.026	45.288	3.701	0.1446
1 SDR	1.9943	0.6235	2.8252	7.437	130.25	2.2986	51.398	2.732	0.246

Dollar Values  
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(a) Commercial bank. (b) Amounts needed to buy one pound. (c) Units of 100. (d) Units of 1,000.

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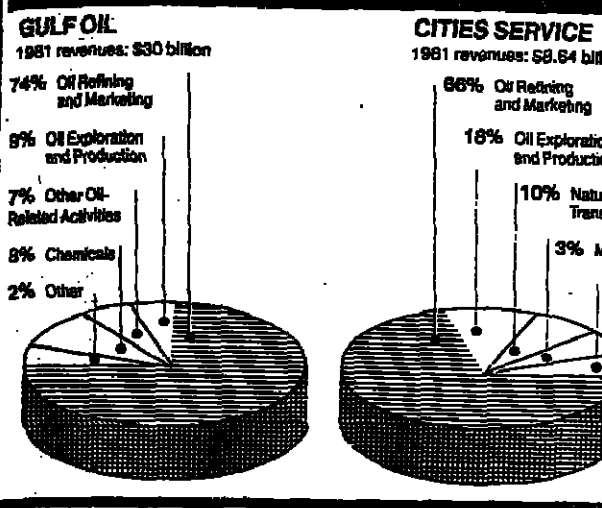
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## Lines of Business at Gulf and Cities Service



## Mesa's Profit Is Put at \$45 Million

By Robert J. Cole  
New York Times Service

NEW YORK — In a move that would clear the way for Gulf Oil to proceed with its \$5.1-billion offer to buy Cities Service, Mesa Petroleum has agreed to sell its 4.1 million shares of Cities Service back to that company, sources close to the three concerns have disclosed. An agreement is expected to be made public shortly.

Under the agreement, Mesa would show a profit on its investment in Cities Service, which Mesa had accumulated since early last year, of some \$45 million before taxes.

Cities Service and Mesa also agreed to drop all litigation against each other and end competing offers to buy each other's stock, the sources said Friday. In addition, they said, T. Boone Pickens Jr., chairman of Mesa, is to refrain from interfering in Cities Service

affairs for the next five years. As a result, Mesa shares sent to Cities Service in response to its \$21-a-share offer are to be returned to the original owners.

## No-Raid Accord

The truce reportedly reached between the two oil companies would enable Gulf to go ahead as early as Monday with an offer to buy the first 51 percent of Cities Service for \$63 a share.

A so-called no-raid agreement worked out between lawyers for Mr. Pickens, chairman of Mesa, and Charles J. Waidelich, chairman of Cities Service, provides for Cities Service to pay some \$225 million in cash, or an estimated \$55 a share, for the Cities Service block held by Mesa.

Mesa's stake in Cities Service cost the company about \$44 a share, plus heavy interest costs. The \$55 price Mesa got was seen as a compromise, roughly halfway

## Wall Street Has Doubts on Gulf's Merger Plan

Purchase Would Lift Oil Reserves but Some Analysts Call Cost Too High

Compiled by Our Staff From Dispatches  
NEW YORK — Wall Street is skeptical about the wisdom of Gulf Oil's planned \$5.1-billion purchase of Cities Service. Analysts say the acquisition would give Gulf some badly needed crude oil and natural gas reserves but at a cost of significantly lower earnings as Gulf pays for the purchase.

In the long run, it may be a good move," Sanford Margolis, an analyst at Bache Halsey Stuart Shields, said Friday. "But, in the short run, it really doesn't enhance the holdings of Gulf shareholders."

Another oil analyst, who asked that his name not be used, asserted:

"Gulf is clearly getting reserves, but it's paying too high a price."

Other analysts, however, said that \$63 a share would be a low price for Cities.

Alvin Silber, who follows the company for Dean Witter Reynolds, said: "Clearly the incentive to Gulf is that they're buying U.S. oil and gas reserves at a fairly reasonable price. I think the investment community is perceiving the near-term earnings potential as negative."

The stock market expressed its dissatisfaction with Gulf's move by bidding the company's stock down \$3.875 to \$27.50 a share in heavy trading on the New York Stock Exchange Friday. Cities Service stock jumped \$11.25 to \$53.25 a share.

Nonetheless, Gulf's announcement of the plan last Thursday caused little surprise. Few U.S. oil companies have been more severely hurt by their reliance on foreign sources of supply than Gulf. And even fewer have matched Gulf's determination to buy another oil producer with large domestic reserves.

## The Best Buys

In April, Harold H. Hammer, Gulf's executive vice president and chief administrative officer, said in an interview that the company was considering acquisitions of small, medium-sized and even large oil companies. "The best buys are the biggest ones," he added.

For Gulf, the nation's sixth-largest oil company, it would have been difficult to find a larger company to acquire, or one with a higher proportion of its assets in domestic oil reserves.

The plan, subject to approval by shareholders of both companies,

calls for Gulf to make a tender offer of \$63 a share for 51 percent of Cities Service's 80 million shares outstanding. Gulf would acquire the remaining Cities Service shares in an exchange of fixed-income securities valued at \$63 a share.

The size of the planned merger prompted Standard & Poor's to place Gulf Oil and its Canadian subsidiary on its "Creditwatch" list of companies that bear special surveillance. But many analysts said they did not expect the cost to be a burden to Gulf.

If Gulf is successful, it would increase its proven oil and gas reserves by 16 percent to 2.21 billion barrels. Most of the newly acquired reserves would be in the United States.

Cities, which ranks about No. 20 in size among U.S. oil companies, said its proven reserves at the end of 1981 totaled 307 million barrels, with only 20 million barrels outside the United States.

Dean Witter's Mr. Silber said the agreement would give Gulf proven oil and gas reserves at about \$6.75 a barrel. He estimated that the cost of developing comparable reserves through domestic exploration and production would be \$10 to \$15 a barrel.

Gulf's determination to acquire domestic supplies comes against a backdrop of a decade of problems abroad. The company, which was a pioneer in international oil exploration and production during the 1940s and 1950s, had relied on Kuwait for a large share of its oil supplies until 1975, when the Kuwaiti government nationalized U.S. oil operations within its borders.

More recently, the company had disclosed that it was considering selling its 60 percent interest in Gulf Canada, a major producer that accounted for 11 percent of proven reserves in 1981. Gulf officials complained of the restrictions imposed by the Canadian government, which in the last two years has levied higher taxes on foreign-owned oil companies than on their Canadian counterparts.

Despite these problems abroad, Gulf said last year that foreign sources still accounted for 55 percent of its proven oil reserves.

Gulf's effort to acquire a company with large domestic reserves included a brief involvement in the mammoth takeover battle for Marathon Oil last year. Gulf made

## AT A GLANCE

Gulf Oil	1982	1981
Revenue	\$7,538,000	\$7,881,000
Net income	267,000	303,000
Earnings per share	\$1.44	\$1.55
Year ended	1981	1980
Revenue	\$30,025,000	\$28,399,000
Net income	1,233,000	1,407,000
Earnings per share	\$6.37	\$7.21
Total assets, Dec. 31, 1981	\$20,424,000	
Current assets	\$2,290,000	
Long-term debt	\$776,000	
Stock price, June 17, 1982		\$31
U.S. S.E. consolidated class	41%—27%	
Stock price, 52-week range		\$28.50—\$38.50
Employees, Dec. 31, 1981	58,500	
Headquarters	Pittsburgh	

known its willingness to make a friendly offer for Marathon, which was resisting a takeover by Mobil. Gulf's initiative was rejected, and Marathon was ultimately acquired by the U.S. Steel.

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## Tsai Dreams of a Financial Department Store

(Continued from Page 9)

with a Midas touch. While he has slipped from public view, he says that bothers him little. "I really don't miss those days," he said in an interview in his Pan Am building office, which is decorated with an aerial picture of his 10-acre waterfront estate in Greenwich, Conn., and models of the helicopter he once flew for relaxation. (A forced landing in the Hudson River made him think twice about that hobby.)

Nonetheless, the glory days are certainly remembered. He has a press kit ready with information about his 30-year career as an investor, and he bristles at any suggestion that the performance of his mutual funds was less than stellar. "For eight years, we were always at the top," he said. "People don't remember that. We had one bad year, 1968, and they criticize me. But I wasn't even managing the fund. I had two portfolio managers, and they managed it."

The move to American Can is the culmination of his desire to

build a financial services super-market. Mr. Tsai said he had the idea before Sears Roebuck and Dean Witter got into the act. "For many years, even back in 1965, I remember telling people that 'Someday you will see a building and it will have a bank on the first floor, an S&L on the second, a brokerage next and then an insurance company, and a cemetery on the 13th floor. It will be a financial department store,'" he said.

American Can apparently shares that dream. Finding its core paper products and container business on the decline, it has been trying to latch onto higher growth areas, and decided last year to expand more heavily into financial services.

About that time, Mr. Tsai saw a newspaper article on American

Can's plan to use the proceeds of the sale of some of its forest products assets to pay for its foray into financial services. He proposed a meeting with William Woodside, chairman of American Can.

"When the opportunity arose with Mr. Tsai, it was too good an opportunity to let go by," said Mr. Woodside. "Gerry Tsai is one of the key factors in our whole financial service sector, and when we bought his company, we were more interested in buying Gerry."

Mr. Woodside said American Can plans to invest at least \$500 million in financial services and expects the area to have more than \$1 billion in assets within three years. He said he and Mr. Tsai have decided to buy more specialty insurance companies and expand into related financial services.

Since coming to American Can last April, Mr. Tsai has already orchestrated the \$152-million acquisition of Transport Life Insurance, a specialty insurer based in Fort Worth. The price was equal to 10 times the earnings of Transport Life. "How do you maintain earnings at those prices?" one analyst asked.

Some observers say breaking into financial services is not as simple as buying up finance companies. "It's like asking how fast Dean Witter can get into the photograph, greeting card or beer bottle business," Robert H. Stovall, a senior vice president of Dean Witter Reynolds, said. "It's a different business and would take quite a while. It has taken us a couple of operations to build Dean Witter."

## Eurodollar Bond Market Slumps

AP-Dow Jones

AMSTERDAM — A slump on the Eurodollar bond market last week left prices for straight dollar issues with declines averaging more than two points, and issuing died out at the end of the week.

"A lot of money has been lost

## EUROBONDS

and the potential losses are still great," one dealer said.

The yield on the market's bellwether issue, a \$750 million, five-year Canadian government note, bearing 14.375 percent, rose nearly 50 basis points over the week. At a middle price of 96 1/2 on Friday, the issue was yielding 15.40 percent, up from 14.9 percent a week before.

Dealers said the poor results of the U.S. Treasury's latest auction of two-year notes and the threat of growing government budget deficits, in the U.S. and elsewhere, have taken the life out of the market. "Everyone's looking for a glimpse of light, some improvement, but so far it's not to be found," one dealer said.

## Eurobond Yields\*

Week Ended June 16	
Int'l inst. lg. term US\$...	14.81 %
Ind. long term, US\$.....	15.21 %
Ind. medium term, US\$ .	15.90 %
Can.\$ medium term.....	16.57 %
French fr. medium term ..	16.80 %
Int'l inst. lg term yen ....	8.42 %
ECU medium term .....	13.70 %
EUA long term .....	12.86 %
Int'l inst. lg term LF.....	11.72 %
FL long term .....	11.62 %

\* Calculated by the Luxembourg Stock Exchange

## Market Turnover

Week Ended June 18	Total	Dollar	Non-dollar
(Millions of U.S. Dollars)	12,484.0	11,642.6	0,841.4

Source: Eurodollar deposit rates jumped about nervously Friday, gaining as much as 1/4 percentage point. Six-month deposits were indicated in a bid-ask range of 16 1/2 to 16 3/4 percent late in the day.

Dealers predicted that two new straight dollar issues in the primary market — Finance for Industry and Ohio Edison Finance N.V. — probably would take a beating.

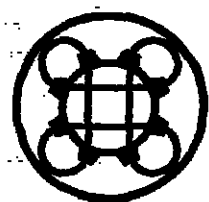
Late Friday, Morgan Stanley International, which is leading the syndicate for a \$50 million, five-year issue of Ohio Edison Finance N.V., the financing arm of the U.S. utility, said there were no plans to withdraw the issue, despite difficult market conditions. A coupon of 16 1/2 percent has been indicated for the paper, but underwriters said it could end up higher. Final terms should be set no later than Thursday.

The \$75-million, seven-year issue of Finance for Industry, a development bank for British industry, was given a gray market indication of 96 1/2 to 96 3/4, for a yield at the middle price of 16.15 percent. The issue price was par, with a 15 1/4-percent coupon.

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May 19, 1982



27 1/2	27 1/2	72
7 1/2	7 1/2	
3 1/2	3 1/2	16
9 1/2	9 1/2	
4	4	
8 1/2	8 1/2	7 1/2
3 1/2	4	1 1/2
15	15	1 1/2
10 1/2	11 1/2	1 1/2
6 1/2	6 1/2	1 1/2
17 1/2	15 1/2	1 1/2
7 1/2	8	1 1/2
19 1/2	15 1/2	1 1/2
3 1/2	3 1/2	1 1/2
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7 1/2	7 1/2	

Sales in				Net	Sales in			
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Imp W	15.76
Trns Cop	8.90
Trns New	7.57
Trav Ea	8.52
Trdr Fd	11.32
TrnC Gt	8.89
TrnC Sel	12.60

USAA Group:	194
Growth	9.47
Income	9.48
Profit	9.32
Unit Accu	5.43
Unit Mut	8.44

United Funds:	
Accum	7.00
Bond	4.58
IntGrth	12.69
Con Inc	8.87
Fiduc	21.99
Intl Inc	33.44

Income	2.09
Muni	3.46
SciEng	7.96
Vang	11.52
US Gold	3.78
Value Line	Fd:

Bond	14.31
Fund	11.19
Income	5.82
Lev Gt	14.70
Sp. Sit.	9.93
Vance Sanders:	
Income	9.54

Invest	4.78
Levop	26.04
CapEx	40.49
DBM	25.94
Dvrt	42.15
ExBst	53.20
ExFut	44.67

Exp Ir	22.97
Fid Ir	27.96
Sc Fid Ir	11.27
Spec	
Vanguard Group:	
Exp Ir	21.23
Ind Tr	12.86

GMA	8.12
Ivory	10.98
Mora	2.57
Night	7.34
SAURIN	13.07
SAURIN	9.48
SAURIN	8.12

QDdF I	11.39
QDdF II	6.57
TrstCo	24.64
Wethal	10.37
Wethn	9.03
IGand	7.18
WryEd	7.98

Wader	2.4
Venturian	2.5
Worst G	5.6
Wein E	11.0
Wisc W	3.7
Wood Struthers:	
Golden	26.7

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Source-Federal Reserve Bank.

Week Ended June 18.  
Sales High Low Low

1980 to date as program no. 2 each \$100,000 per year. \$100,000,000.00.

Week Ended June 18

unchanged: 145  
New Highs: 73; new lows: 121

*The Associated Press*  
ANKARA — Turkey announced

85 liras (52 cents).

Closing Prices June 18, 1982			
Bid	Ask	Bid	Ask

Grow	7.12	NL	TCS E2	32
Rash	72.17	NL	Neuberger Ber	14
Lindar	12.99	NL	Enroy	26
1 points Scores:			Guard	

	Manhl	1.68	NL	Gr Wh
	Portn	12.92	NL	Inco
	Schus	13.03	NL	St Pau
Asst	Mout G:	14.98	NL	Capit

50	502	Rainbow	2.36	NL	5th
77:		Revere	0.57	NL	Stree
83	NL	Safeco Secur:			Stre
83	NL				

9.36	NL	TimeGib	20.75	
		TimeGI	5.68	6.2
Invest:		TimeW	15.26	16.6
9.27	9.36	TimeC	8.63	8.2

colony	4.05	4.4	charge, 1-2 weeks
at Gth	21.52	NI	dog's quail:



## Expos' Rogers Shuts Out Cubs, 4-0, on 6 Hits

Rogers (8-3) struck out six batters as he lowered his earned-run average to 2.70.

complete game and three shutouts. He was helped by center fielder Andre Dawson, who threw out Keith Moreland at the plate in the streak of 28 scoreless innings by the Dodgers' pitching staff.

Phillies 8, Pirates 3

Orleans 4, Yankees 1

Royals 4, Mariners 1

8) did not give up a hit until one out in the fourth inning and wound up with an eight-hitter.

Boston, 10-3. John Lenny (4-7) gave up six hits over 7 1/3 innings for the victory.

**Mets 5, Cardinals 3**  
Cardinals' M. L. Davis, Jr. pitched a 10-inning shutout for the St. Louis Cardinals, winning 5-3 over the New York Mets. The Cardinals' victory was aided by a strong performance from their pitcher, M. L. Davis, Jr., who pitched a complete game, allowing no runs, hits, or errors. The Mets' offense was stifled by the Cardinals' defense, which made several key plays to keep the score low.


**Saturday's and Friday's Major League Line Scores**

SATURDAY'S RESULTS		National League		First Game	
Kansas City	201 002 000—3 4 1	Seattle	005 122 200—10 12 9	New York	000 000 005—5 12 2
Philadelphia	000 110 002—0 4 0	Cleveland	000 000 000—0 0 0	St. Louis	011 000 100—3 9 0
Pittsburgh	000 000 000—3 3 0	Quirk: G. Jackson, (5), Armbratt (7) and Quirk; C. Gochese, Vondberg (8), Anderson (9)	San Francisco	000 000 000—0 0 0	San. Grove (7), M. Scott (7) and Hodges.

[illegible][illegible]

FRIDAY'S RESULTS			
National League			
Baltimore	000	200	000-4 3 0
New York	000	000	000-3 0 0
Pittsburgh	000	000	000-3 0 0
Philadelphia	000	000	000-3 0 0
St. Louis	000	000	000-3 0 0
Washington	000	000	000-3 0 0
Chicago	000	000	000-3 0 0
Cleveland	000	000	000-3 0 0
Detroit	000	000	000-3 0 0
Kansas City	000	000	000-3 0 0
Los Angeles	000	000	000-3 0 0
Memphis	000	000	000-3 0 0
San Francisco	000	000	000-3 0 0
Seattle	000	000	000-3 0 0
San Diego	000	000	000-3 0 0
San Jose	000	000	000-3 0 0
San Francisco	000	000	000-3 0 0
Seattle	000	000	000-3 0 0
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(9) and Boone, W.-Dabson, 7-1, L.-Zohs, 7-3.	(11) and Yeager, Sciencia (9); Harris, Proton	(9) and Santos, W.-Gara, 7-3, L.-Coudill, 7-3.	
HRS—Chicosa, Pacemeter (4), Kempo (4).	(3), Hume (18), Price (11) and Trevison, Vase	HRS—Killing City, Orie (6), Alkansa (2).	
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Within the next few years Japan will be challenging America for technological supremacy in many industries.

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This is why The Economist will be carrying a searching and important survey in its issue of June 19 which looks at the future role of Japanese technology in the world.

It will analyse a number of areas of technological advance in Japan, including electronics and biotechnology, and ask what factors have led to the Japanese successes.

The survey questions whether the Japanese really do have a talent for major inventions, but also suggests that collective skills and team work may prove more decisive than the role of the individual inventor in the west. It also draws attention to Japan's ability to integrate technological strategy with market research.

There is no doubt the survey will be read intently by businessmen everywhere who are interested in Japan's future.

Don't forget to buy your copy of the June 19 issue of *The Economist*. Or, better still, join its readers around the world and make sure you order your copy every week.

The Economist

# THE WORLD EVERY WEEK

## SENIOR EXECUTIVE POSITIONS

Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other related publications. Comments concerning this feature can be addressed to Juanita Caspari in Paris.

POSITION	SALARY	EMPLOYER	LOCAT.	QUALIFICATIONS	CONTACT	Source
EXPORT MARKETING	\$34,639 to \$37,500	U.S. Foreign Commercial Service.		Mis. 4 yrs. work exp.; widely overseas; sales; expgt; exporting; extensive knowl. of Int'l trade & bus. custom; U.S. citizen.	U.S. Foreign Commercial Service (JOF), P.O. Box 1550, Washington, D.C. 20044-0050.	LRT, 10-6-82
INTERNATIONAL SALES & DISTRIBUTION	Generous	Owners-based co.	Assumed Geneva	Entrepreneurial drive to pursue projects resulting in their success; consistent marketing; sales & mgmt. ability; Eng., Fr.	Ref. 10/2971, Henry Sams, London & Co., 10/23 Gower St., London W1R 2AL.	LRT, 10-6-82
SCANDINAVIAN BANKING EXECUTIVE	Negotiable	The Hong Kong Bank Group.	Frankfurt	25-32; wide range of executive exp. in commercial &/or merchant banking; Eng., Ger.	The Sander Group, The Hong Kong Bank Group, 147 City Lane, London, Westminster Landoff: 51, 5000 Frankfurt.	Financial Times, 10-6-82
SALES MANAGER Europe	c. £25,000 + bonus + car	Semiconductors.	Europe	Over 20; achievement track record of significant through the mgmt. of semi-conductors sales in Europe.	Ref. 254/IM, L.P.S., 55a Northbrook St., Weymouth, Dorsetshire BT13 1LN, Tel: (0635) 44789.	Daily Telegraph, 10-6-82
FINANCIAL ANALYST		(Elektronik-Industrie)	Stuttgart Deutschland	Hdl. Ausbildung, 2 Jahre Erfahrung Finanz- und Buchhaltung der Industrie. Englisch, Französisch.	Ref. 157, G & V, Ausgabendienst, Mülbacher Platz 1, 7000 Stuttgart 61 Tel.: (0711) 32 48 00. Telex: 87 25 3 402.	Frankf. All. Zeitung, 12-6-82
PROJECTLEADER		(Farmakologische-anlagen)	Millfield Sudan / Africa	Abschluß Diplom Praktiker, AB, Englisch.	Ref. 818222, Mannheim Personalberatung, Mannheim 24, 18000 Berlin 12, Tel.: (030) 401 1971 (Herrn Reimer & Partner).	Frankf. All. Zeitung, 12-6-82
SALES MANAGER		(Chemie, Plaste und Medizintechnik.)	Stid Europe	Starke Verkäufer, Erfahrung Amerikanische/Deutsche Technik. Englisch + Muttersprache.	H. Peter Scholz Personalberatung, 6240 Klingenberg/Untermain, Am Schwanstein 2, Tel: (06174) 3835.	Frankf. All. Zeitung, 12-6-82
GENERAL MANAGER	Extremely good	Int'l distribution unit of major maker of electronic components.	Milan, Italy.	Exp. prod. in all aspects of general mgmt.; Eng., Ital.; tech. prod. Mgmt. with sales & mktg. experience.	President, Box 898 218, 562 5th Ave., Suite 5020, New York, N.Y. 10019.	LRT, 10-6-82
DIRECTOR OF MKTG. & BUS. Development	High	Chemical Group.	England	15-20 yrs. bus. exp. in the chemicals; sophisticated mktg. exp.; profit & loss orientation.	Box 1 1914, International Herald Tribune, 37521 Newbury Circle, Plaines.	LRT, 10-6-82







SPORTS

# English Beat Czechoslovaks; West Germany, Spain Win

Compiled by Our Staff From Dispatches  
BILBAO, Spain — England defeated Czechoslovakia, 2-0, on Sunday to secure a berth in the second round of the World Cup championships.

West Germany kept its hopes alive with a 4-1 victory over Chile, and Spain defeated Yugoslavia, 2-1.

On Saturday, the Soviet Union defeated New Zealand, 3-0, to gain the way for a showdown with Spain Tuesday to decide who plays Brazil from Group 6 in the second round. A tie would send the Soviet Union through to Round 2.

Poland and Cameroon played to a 0-0 draw, leaving Group 1 still very confused. And Belgium, showing little of the drive that helped it to defeat Argentina, overcame El Salvador, 1-0.

In its victory over Czechoslovakia, England capitalized on two defensive errors and scored twice within the space of five minutes.

After dominating the first half, England finally broke through in the 22nd minute when the Czechoslovak goalkeeper, Stanislav Senan, dropped a corner from Ray Williams and Trevor Francis slammed home a goal.

Five minutes later Paul Mariner hit a shot that did not look dangerous but Czechoslovak defender Josef Barmos, in trying to stop it, missed the ball past Senan just inside the post.

Czechoslovakia has to defeat France Thursday to stand a chance of advancing to the second round. Kuwait and France, the other teams in the group, meet Monday.

Karl-Heinz Rummenigge led the West German attack with three goals. Uwe Reinders, who came on as a second half substitute, scored West Germany's other tally, while Gustav Morozek netted Chile's lone goal from the end of the match in Gijon.

Rummenigge opened the scoring after nine minutes when he drove a low shot that Mario Osben, Chile's goalkeeper, let slip under his body. After their flying start the West Germans never looked back.

West Germany faced elimination from the tournament had it lost to Chile following its upset 2-1 loss to Algeria in its opening game.

"I am happy that the nerve-racking days are over," said West German manager Jupp Derwall, unable to hide his relief. "But this victory over Chile must be regarded only as a first step forward."

England Crushes Eagles  
The Associated Press  
BARTFORD, Conn. — England's national rugby union team completed a tour of North America Saturday with a 59-0 victory over the U.S. national team, the Eagles. Tour captain Steve Smith and winger Tony Swift each scored two tries for England.

England's victory was a record sixth for Ickx, 36, and the third for Bell, 40, who shared his two previous victories with Ickx.

They crossed the line in a works Porsche 956T, leading the two other factory cars, driven by Australian Vern Schuppan and West German Jürgen Mass, and American Hurley Haywood and Al Holbert and Jürgen Barth of West Germany.

Ickx and Bell, however, were two laps — about 27 kilometers — ahead of Schuppan and Mass, having led the race from the ninth hour.

The winning car, held back by new fuel consumption rules, still covered 359 laps at an average speed of 204.128 kilometers per hour, a circuit record.

Despite a challenge in the opening hours of the race by the works Ford C100s and French Renaults and WM-Peugots, the Porsches always were in command.

Early pit stops temporarily put other cars on top of the hourly leader board. But when the Haywood-Holbert Porsche was hit in the lead at the fifth hour, the Porsche team never left the top.

Ickx and Bell took over at the sixth hour after a wheel bearing problem delayed the leader.

Only 18 of the 55 starters finished the grueling event.

The U.S. father-and-son team Mario and Michael Andretti, among the favorites, was forced out before the race started. Race officials told them less than an hour before the start that their Mirage-Ford failed to meet technical rules.

The official reason was that an oil radiator positioned behind the gearbox could spill oil dangerously in the event of an accident.

"It's beyond my comprehension how they run this place," the elder Andretti said. "They are supposed to be professionals. They spent a full day scrutinizing our car, they gave us a hassle in the first qualifying session because a mirror was sticking out maybe a half inch too wide, but they can't find this until an hour before the race."

More Sports  
On Page 13

For Chile, the loss meant that it cannot qualify for the second round no matter how it fares against Algeria.

In Valencia, Spain fell behind in the 10th minute when Ivan Gudelj drove home Vladimir Petrovic's pass from the right.

But Spain evened the score on a doubtful penalty, which was taken twice. Yugoslav sweeper Velimir Zecic was judged to have tripped Miguel Alonso inside the penalty by Danish referee Henning Lind-Sorensen, but a video-tape replay showed the infringement took place outside the box.

Roberto Lopez Ufarte struck the first penalty kick wide of the target. Land-Sorensen ordered the kick to be retaken because goalkeeper Dragan Pantelic had moved too soon and Juanito stepped up to put Spain level.

Substitute Enrique Saura gave Spain the victory in the 66th minute when he jammed the ball in from the near post after a corner kick by Ufarte.

Play Defended  
After the game in Elche against El Salvador, Belgium coach Guy Thys defended his team's lackluster play by claiming that his team had not intended to score a lot of goals. "After Hungary's win against El Salvador it was better to forget goal difference. The only thing was to win," Thys said.

El Salvador coach Florencio Pipo Rodriguez said that he had expected his team's defensive approach to produce a better result than the 10-1 drubbing by Hungary. "I think Hungary played better soccer than Belgium, but then Belgium played a controlled game simply to get a result," he added.

The only goal came as a result of El Salvador's rough play. Francisco Osorio was shown the yellow card for a foul on Erwin Vandenberg and Ludo Coeck gave Belgium the lead in the 19th minute on the ensuing free kick from about 30 meters.

Belgium now has four points from its two matches, but it is still not certain of qualifying for the next round. If Argentina, which defeated Hungary 4-1, defeats El Salvador as expected, then Belgium needs at least a tie with Hungary to qualify.

Poland's coach, Anton Piechniczek, said his team gave a disappointing performance in its 0-0 draw with Cameroon in La Coruna.

"We should have got at least two goals," Piechniczek said. "I used an attacking formation, but only Andrzej Bunol played very well. Overall, my players have the capacity to do very much better."

But Cameroon coach Jean Vincent was in a much better frame of mind. "We have shown that we can match the best teams and I am

looking forward to the match against Italy next week."

While enjoying territorial advantage for much of the game, Poland only once came close to scoring. In the 34th minute, Wlodzimierz Ciolek headed against the bar from close range. The rebound came to Grzegorz Lato, whose header was stopped by a diving Thomas N'Konko, the Cameroon goalkeeper.

The four Group 1 teams have drawn their opening two matches. The last two games — Peru vs. Poland on Tuesday and Cameroon vs. Italy on Wednesday — will determine the two teams to advance. If those matches also are drawn, the teams that have scored the most goals will advance. If still tied, then the qualifiers will be picked by a lottery.

In Malaga, the Soviet Union, with Vladimir Vessouny orches- trating its moves, against displayed some of the fluid, swift and stylish soccer it had shown in its 2-1 loss to Brazil.

The Soviet breakthrough came midway through the first half when striker Oleg Blokhin unlocked the New Zealand defense with a sprint down the left. His cross found Andrei Bal, whose shot was blocked but rebounded to Yuri Gavrilov, who shot home from close range.

In the second half, the Soviet team stepped up the pace. Blokhin scored one goal and then set up another for Sergey Baltacha.

Afterwards, Soviet manager Konstantin Beskov warned, "Scotland will have to play very well to beat us."

Watson, Rogers Take Lead at U.S. Open As Devlin Fades  
Compiled by Our Staff From Dispatches  
PEBBLE BEACH, Calif. — After two days of relative nonentities forging their way to prominence, the elite of the golfing world made their way to the top of the U.S. Open scoreboard Saturday at the Pebble Beach Golf Links.

Tom Watson had seven birdies for a 68 Saturday and tied for the lead with defending British Open champion Bill Rogers at four-under-par 212. Rogers shot a 69 on this calm, good-for-scoring day on the Monterey Peninsula.

Just off this pace at 214 is a formidable quartet: defending Open champ David Graham (72/72/69), 1981 Open runner-up George Burns (72/72/70), second-round leader Bruce Devlin (70/69/75) and Scott Simpson (73/69/72).

And waiting in the wings at 215 are Jack Nicklaus (74/70/71) and Calvin Peete (71/72/71) while Craig Stadler (76/70/70), streaky Larry Wadkins (73/76/67), Dan Pohl (72/74/70), Bobby Clampett (71/73/72), who was tied for the lead on the back nine Saturday but bogeyed three of the last four holes, and Larry Rinker are at par 216.

Rinker, who played the mini-tour two years before earning his tour card in 1981, is susceptible to extremes. He started out with a 74, got hot and shot a 67 then ballooned to a 75 Saturday.

In all, 13 players are within four shots entering Sunday's final 18 holes. And six of them have won major championships.

Rogers, the master of the straight drive and the crisp, precise iron, had birdies on the 14th and 15th holes but took a 17th-hole bogey and finished shakily, missing a four-foot attempt on the final hole for a birdie that would have given him the lead alone. He opened the Open with a 70/73.

Watson, who never has won the Open and desperately wants to avoid the stigma of being a great player who never captured the premier event in his sport, recovered from a first-hole bogey and closed with a classic rush as he got his sixth and seventh birdies of the day at the 16th and 18th holes.



Steve Sumner of New Zealand gives chase to the Soviet Union's Alexander Chivadze as the ball. Chivadze won the race and the Soviet Union the game, 3-0, in Malaga on Saturday.

## Watson, Rogers Take Lead at U.S. Open As Devlin Fades

"I have a very good feeling about my swing and I can't wait to get out there to play tomorrow," said Watson, who shot 72s in his first two rounds. "I've had two pretty good chances to win the Open before. I hope the third time's a charm."

"Sometimes, it only takes one good swing to turn your whole feeling about your game around. Maybe I made that swing today — the three-iron to three feet for a birdie at the [204-yard] 12th. I hadn't hit a shot with that kind of authority all week."

Graham thrilled the crowd by Carmel Bay with a 35-foot birdie putt on the 18th green to move firmly into contention.

Burns — the third-round three-shot Open leader last year, who fell to Graham's closing 66 — who shot a steady round that included birdies at the sixth, 12th, 14th and 18th.

On Friday, Burns learned that what Peete gives, Peete takes away. On the front side Burns shot six consecutive birdies for 30, six under par. The back nine was a

stunning reversal — three bogeys and a triple bogey 6 for a 42.

The 17th, a par 3 of 219 yards with the wind blowing into the players' faces, was the worst of all. Burns pulled a 1-iron to the sand-and-rock embankment that slopes down to the beach of Carmel Bay. Burns took a swipe at it, and succeeded only in embedding the ball in the sand. He declared an unplayable lie and took a penalty drop in the rough. He chipped on in 4 and then took two putts for a triple-bogey 6.

Loose Wheels  
Devlin, after leading the first two rounds, no longer seems to be a factor. He had opened up a 2-stroke lead after the second round with birdies on the last two holes. "I'm not going to be a fool and sit here and tell you I'm going to win the golf tournament," Devlin said Friday. "If the wheels come off, I'll just hang in there and do the best I can."

The wheels, if they did not come off, certainly loosened Saturday when he shot a 75.

Those who never got their wheels in place and missed the cut included four former champions — Lee Trevino, Arnold Palmer, Jerry Pate and Hubert Green — as well as Gary Player and Severiano Ballesteros, a former British Open and Masters champion.

But the most frustrated man at Pebble Beach continues to be Nicklaus. He is hitting the ball too green as well, or perhaps better than anyone. But, again Saturday, Nicklaus made only one putt longer than his putter and missed one shorter than his magic wand, a 2½-footer at the 12th that he called "the easiest putt of the lot and I missed that one, too."

Nicklaus also was obviously perturbed that he had made up little ground on "two easy days ... with no wind."

"Last year, this became a two-man tournament," said Graham. "Now, you have so many more bunched up. Historically, the five-six-under-par people have come down and the Watsons and Nicklaus have come on. It should be a great final day."

"We're starting a clean slate this year," says Fred Hoyle, the tournament referee, who was subjected to four-letter abuse from McEnroe on opening day last year and then subsequently fined \$5,000.

In reflecting on last year's tumultuous fortnight, Sir Brian said that Hoyle had, in fact, been "too lenient" and should have disqualified McEnroe on opening day.

"The general understanding is that the behavior will be better than last year," Hoyle stressed, strengthened by a stricter code of conduct, more grand prize supervisors and a clause in the grand prize rules that allows "for instant disqualification during a match."

For once, the quality of the club's grass courts seems a secondary issue. After the "retirement" last year of Jack Yardley, the longtime groundsman, the 10-man grounds staff was divided into teams and given responsibility for specific courts.

But from a practical side, Wimbledon is giving ground in once uncharted waters. For example, the top eight men and women seeds each will be allowed one friend in the locker room throughout the tournament, a major concession from previous years when only a select few were accorded such luxuries.

"There have been criticism of Wimbledon in the past," Sir Brian said. "I think a lot of the criticism is unjustified. Gerulaitis says all we did last year was improve the tea room. Damn it, we spent \$3 million, and it's all for the players."

There were several other notable withdrawals for various reasons. They included Stanley Floyd and Carlos Silva. Leonard in the 100, double Olympic gold medalist Alberto Juantorena of Cuba and Don Paige in the 800, Greg Foster and Toni Campbell in the 110 hurdles, and Anthony Ketchum in the 5,000.

Triple Jump Upset  
Ria Stalman of the Netherlands won the women's discus at 203-10, erasing the meet mark.

Bob Roggy, the only American ever to throw the javelin over 300 feet, only managed 289-9, but still won his specialty and broke the meet record.

In Friday's events, unheralded Robert Cannon upset Willie "Enterpriser" Banks in the triple jump final.

Cannon got off his winning jump of 55 feet, three-quarters inch on his final attempt. Paul Jordan was second at 54-10 1/4 and Banks, the U.S. record holder and crowd favorite because of his entertaining style of jumping, was third at 54-10 1/4.

In the men's 400-meter hurdles semifinal, Edwin Moses was a late scratch with a recurring injury. Moses, the overwhelming favorite and unbeaten in 72 hurdles finals since 1977, said he suffered a muscle strain high in the rear of his right leg while warming up.

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In Chicago, pinch-hitter Jerry White's two-out, two-run double highlighted a four-run eighth that helped Montreal overcome the Cubs, 5-2.

Padres 7, Astros 1  
In Houston, Broderick Perkins rapped a two-run pinch single, and Alan Wiggins followed with a two-run triple as San Diego exploded for five seventh-inning runs to down the Astros, 7-1. The Padres' John Montefusco (6-4) and reliever Gary Lucas combined on a six-hitter, with Lucas earning his ninth save.

Giants 9, Braves 4  
In Atlanta, Chili Davis' grand slam homer capped a six-run rally in the ninth inning as San Francisco stormed from behind to defeat the Braves, 9-4. The victory went to Giant reliever Gary Lucivar (4-2). The Braves had taken a 4-3 lead on Rufino Linares' home run off reliever Jim Barr in the seventh.



Kevin Akins wins the U.S. Outdoor shot put championship.

## Kemp's Grand Slam Powers White Sox Over Angels, 7-6

Compiled by Our Staff From Dispatches  
ANAHEIM, Calif. — Steve Kemp drove in five runs with a grand slam home run and a sacrifice fly to power the Chicago White Sox to a 7-6 victory over the California Angels Saturday.

Trailing 4-2, the White Sox loaded the bases in the fifth against loser Geoff Zahn on Harold Baines' infield single, a hit batter, and a walk. Luis Sanchez relieved Zahn and struck out Ron LeFlore, but Tony Bernazard singled to pull Chicago within one run.

Kemp followed with his fourth grand slam of his career.

California's Rod Carew extended his hitting streak to 23 games with two singles, breaking the Angels' club record set by Sandy Alomar in 1970.

Rangers 6, Twins 3  
In Minneapolis, Minn., Buddy Bell hit two homers, driving in three runs, and Dave Hostetler added a solo home run to lead Texas to a 6-3 victory over Minnesota. Jon Matlack (2-5) allowed seven hits in 6 1/2 innings, walking three and striking out three. Denny Darvin pitched the final 2 1/2 innings for his second save.

Blue Jays 3, A's 1  
In Oakland, Calif., Damaso Garcia triggered a two-run 12th in-

ning with his fifth consecutive single and Garth Iorg and Lloyd Moseby doubled in runs, giving Toronto a 3-1 victory over the A's. It was Oakland's fifth loss in a row.

Brewers 10, Tigers 3  
In Detroit, Robin Yount hit a pair of two-run homers and Gor-

man Thomas and Cecil Cooper also hit two-run home runs to give Milwaukee a 10-3 drubbing of the Tigers. The loss was the sixth in a row for Detroit.

Red Sox 7, Indians 3  
In Cleveland, Dave Stapleton singled in two runs with the bases loaded to highlight a four-run sixth inning and lead Boston to a 7-3 victory over the Indians.

Yankees 4, Orioles 3  
In New York, Willie Randolph singled over a drawn-in outfield to score Butch Wynegar from third base with one out in the 16th, lifting the Yankees to a 4-3 victory over Baltimore.

Mariners 10, Royals 3  
In Seattle, Jim Beattie struck out a career-high 10 batters and Gary Gray and Al Cowens had three

hits each, leading the Mariners past Kansas City, 10-3. Beattie scattered six hits and walked two in seven innings as he posted his fourth consecutive victory after starting the season with four losses. He got off to a rocky start as he gave up a two-run homer to Amos Oatis in the first inning.

Mets & Cardinals 5  
In the National League, in St. Louis, George Foster went 5-for-5 and Dave Kingman hit a three-run homer to cap a four-run eighth, carrying New York to an 8-5 victory over the Cardinals. The Cardinals took a 5-4 lead in the seventh on an RBI single by Dale Long but the Mets rallied for four unearned runs in the eighth to hand rookie

Jeff Keener the loss in his first major-league decision.

Dodgers 2, Reds 1  
In Cincinnati, Pedro Guerrero drove in both Los Angeles runs with a sacrifice grounder and a seventh-inning home run to back the five-hit pitching of Fernando Valenzuela (2-1) and carry the Dodgers to a 2-1 victory over the Reds. Valenzuela struck out four and did not issue a walk to become the National League's first nine-game winner. Bruce Berenyi (5-7), the loser, allowed only five hits.

Phillies & Pirates 3  
In Pittsburgh, Garry Maddox hit a two-run double to highlight a

four-run second inning in support of Steve Carlton's nine-hit pitching and lead Philadelphia past the Pirates, 6-3. Carlton (8-7) struck out seven and walked one in pitching his fourth complete game of the year.

Expos 5, Cubs 2  
In Chicago, pinch-hitter Jerry White's two-out, two-run double highlighted a four-run eighth that helped Montreal overcome the Cubs, 5-2.

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Major League Standings  
NATIONAL LEAGUE  
Eastern Division  
W L Pct. GB  
St. Louis 34 27 .558 0  
Montreal 33 28 .542 1  
Philadelphia 32 29 .524 2  
New York 30 31 .490 4  
Pittsburgh 27 34 .441 7

Western Division  
W L Pct. GB  
San Diego 34 27 .558 0  
Los Angeles 33 28 .542 1  
San Francisco 32 29 .524 2  
Houston 30 31 .490 4  
Cincinnati 27 34 .441 7

AMERICAN LEAGUE  
Eastern Division  
W L Pct. GB  
Boston 34 27 .558 0  
Detroit 33 28 .542 1  
Chicago 32 29 .524 2  
New York 30 31 .490 4  
Cleveland 27 34 .441 7

Western Division  
W L Pct. GB  
California 34 27 .558 0  
Kansas City 33 28 .542 1  
Chicago 32 29 .524 2  
Seattle 30 31 .490 4  
Oakland 27 34 .441 7

## Wimbledon Becomes Players Tournament

By Neil Amund  
New York Times Service  
WIMBLEDON, England — The 16-page brochure includes a welcoming message from the chairman, a map of the All England Lawn Tennis and Croquet Club, important telephone numbers, how to find a practice court and ticket information.

To the astonishment of many players here for Monday's start of the Wimbledon championships, the brochure is specifically designed for them — not for debenture holders, media representatives, tennis politicians, ticket touts or spectators.

Wimbledon is a tournament in transition, an institution trying to retain the dignity of its historic past while learning, sometimes painfully, that tennis now dances to a disco beat and not to a waltz.

The more publicized changes in this year's championships are the extra day (Sunday) for the men's singles final, a 77-percent increase in prize money, expanded catering and service facilities on the grounds and the advance sale of standing room seats for the last four days that probably will end the customary overnight camping queues outside the club.

More Changes  
To the players, however, the new informational brochure, more and better practice facilities, increased ticket allowances, and the establishment of a player liaison committee are equally significant signs of Wimbledon's sensitivity in the face of mounting criticism.

"We are making a lot of changes," Air Chief Marshal Sir Brian Burnett, the chairman of the club, said. "Last year, we spent £3 million to improve Court 1 and give the players a new restaurant, lounge and quiet room. This year, we're concentrating on other areas that are equally as important to the equation of staging a successful tournament."

The conflicting status of John McEnroe, the defending men's singles champion and No. 1 seed, who will play the traditional opening match on the center court Monday, and Bjorn Borg, the five-time champion, who is not here, underscores Wimbledon's current ambivalence.

Club officials dearly wanted to invite Borg, even if it meant granting him a special exemption from the qualifying, which he would have been obligated to play because of his failure to commit to the minimum number of grand prix tournaments this year. But after meeting with leaders of the sport in Monte Carlo, Burnett and other members of the tournament's management committee realized that an exemption for Borg would rob the men's game into deeper chaos.

There seems little concern in official circles that the absence of five of world's top 10 men (Borg, Ivan Lendl, Guillermo Vilas, Jose Luis Clerc and Eliot Teltscher) will affect the tournament. Wimbledon drew record crowds in 1973 despite a massive player boycott that year.

Often accused of smugness, Wimbledon has become image-conscious enough to hire a public relations firm to represent the championships for the first time. Competition for the French and U.S. Opens and recent complaints from Lendl, Vitas Gerulaitis, Harold Solomon and other pros over insufficient practice time and administrative indifference have glazed the club's mauve and green roofs.

The McEnroe Affair  
So has the aftermath of The McEnroe Affair. One year after the tempestuous American created front-page headlines on the court and then spurned the champions' honor, Wimbledon seems willing to forgive and forget. Gerulaitis, for example, was not allowed to play because of his failure to commit to the minimum number of grand prix tournaments this year. But after meeting with leaders of the sport in Monte Carlo, Burnett and other members of the tournament's management committee realized that an exemption for Borg would rob the men's game into deeper chaos.

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There seems little concern in official circles that the absence of five of world's top 10 men (Borg, Ivan Lendl, Guillermo Vilas, Jose Luis Clerc and Eliot Teltscher) will affect the tournament. Wimbledon drew record crowds in 1973 despite a massive player boycott that year.

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## Sherpa Run-Up

# The Yank at Oxford

It selects and generally instructs its own students. The fellows (breezily known as dons) meet with students in one-on-one sessions to discuss essays the students have written. Magdalen College has about 450 students and 57 dons.

For centuries its name has been pro-

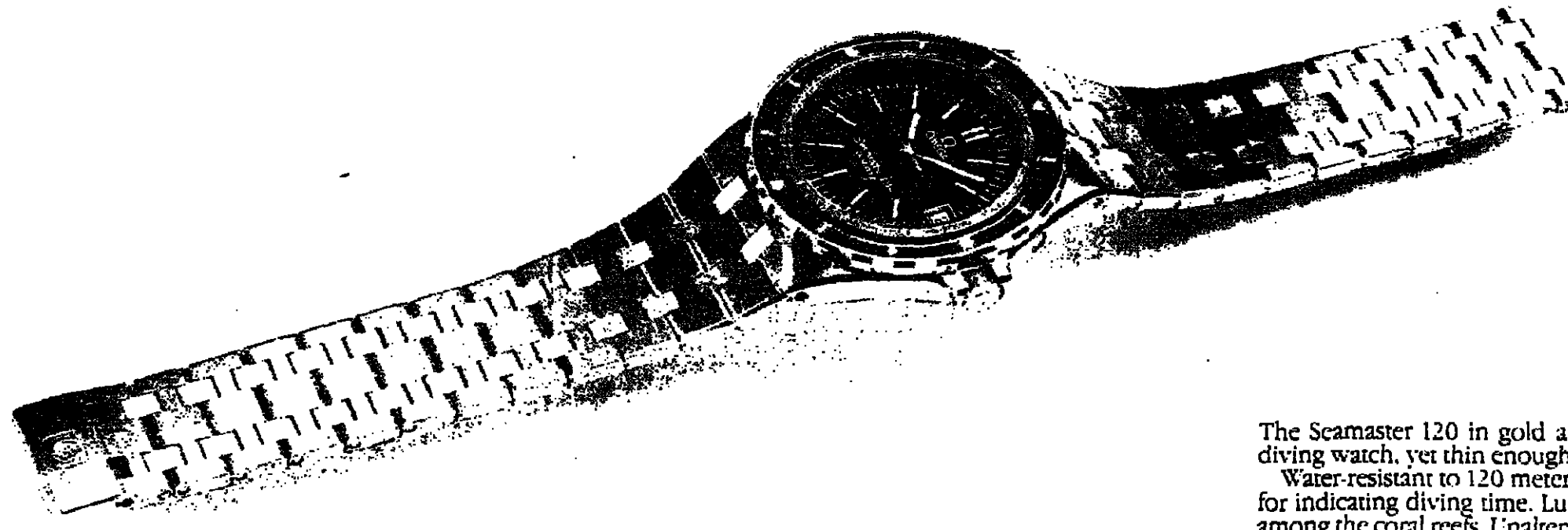
# The Impossible Railway

Gentler slopes — a mere 45 or 50 degrees — are terraced with superhuman effort into fields the width of a woman's shawl. People live and farm in these perpendicular



carved stone head in his likeness attached among the gargoyles of an ancient college wall. It smiles down on a courtyard — a grinning Yankee face amid the English grandeur.

## CLASSIFIED ADVERTISEMENTS

[illegible]

The Seamaster 120 in gold and stainless steel is a genuine diving watch, yet thin enough to slip under any silk cuff. Water-resistant to 120 meters. Unidirectional turning bezel for indicating diving time. Luminous dial, for easy legibility among the coral reefs. Unalterable sapphire crystal. Protected screwed crown with high pressure gasket. Designed for action at sea or on the dance floor. Omega Seamaster 120. The elegant diving watch.

Omega Seamaster 120, a diving watch designed to match  
the enchantment of the marine world.

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